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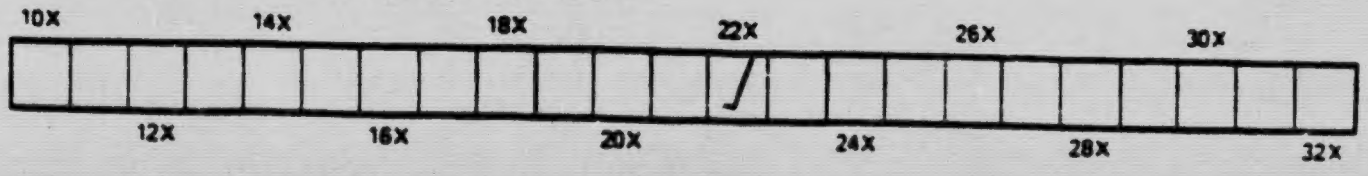
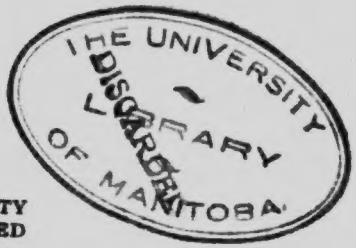


RETAIL MERCHANDISING

BEING THE LECTURES DELIVERED AT
THE FIRST BUSINESS CONGRESS
OR SHORT COURSE ON
MERCHANDISING

Held by the University of Manitoba
February 4—9, 1918



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INTRODUCTION

In issuing in book-form the lectures delivered in connection with the First Business Congress or Short Course in Merchandising held on February 4-9, 1918, the University of Manitoba hopes to serve the double purpose of giving wider circulation than was possible through the course itself, to the ideas and ideals set forth by the various speakers who contributed on that occasion and of affording to many who did not attend, an opportunity of learning just what can be offered in the way of instruction and inspiration for better business building by such a series of lectures and discussions. The Short Course on Merchandising of which the pages following are a record and memorial, is but one of the types of commercial instruction which the University is planning to develop as its contribution to the creation of better business conditions and more helpful community service in the province. Others have been already begun or will be initiated in the near future, such as—Evening Extension Courses in Accounting, Commercial Law, Business Administration, Life Insurance, English Banking, Economics, etc., all adapted to the needs of particular groups of city students; community surveys of business conditions and district institutes, at which measures can be discussed for improving local business facilities and methods; a degree course in Commerce at the University in which, in addition to giving a student a specialized knowledge of some department of business, an attempt will be made to introduce him to the general field of business, so that he will have some breadth of outlook and culture, such as a man of University training should possess.

It is earnestly hoped that everyone into whose hands this volume may fall, and who finds any value or suggestiveness in its pages, will get into touch with the University and ascertain whether there may not be something else in the programme of business instruction there offered that will be of help to him in achieving success in whatever pursuit he may have taken up.

On behalf of the University Advisory Committee on Commercial Education,

G. N. JACKSON,
Chairman

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BUSINESS FROM AN OUTSIDER'S POINT OF VIEW

BY W. A. McINTYRE, LL.D.

Dr. W. A. McIntyre, Principal of the Normal School, Winnipeg, opened the course of lectures with an address on "Business from an Outsider's Point of View." The following is a summary:

As business men have to deal with the general public, it may be of interest and profit to them to know how the public appreciate their efforts—what is considered worthy of praise and what is open to condemnation.

There is such a thing as physical fitness. The public do not like to be waited upon by anaemic girls and jaundiced or dyspeptic old men. A storekeeper will see to it that he and his clerks are in good health. On this account the heating, lighting and ventilation of buildings are very important. There is a law against insanitary dwellings. The same law should be enforced in relation to groceries, law offices, factories and departmental stores, and other places of business. Apart from the legal aspect, a man is foolish to neglect his own health and that of his employees. Good health underlies cheerfulness, alertness, brightness, and without these, business cannot thrive. A grocer who reminds you of one of the dried herrings in the window, or a clerk who resembles a bleached celery stalk, can sell no goods. The first thing the public demand in a business is life.

Another thing the public expect is that a business man shall *know* his business. A doctor or a lawyer who fails at this point soon loses custom. So is it with a retail grocer, a travelling salesman, or any other person whose duty it is to serve the public. There is of course a good deal of camouflage here. A man may talk wise, when he is otherwise. He can seem to know a lot when he knows nothing. The man who commands respect, however is the man who really knows. It is therefore cheering to learn that in some stores the girls behind the linen counters are trained experts in judging linen goods, and the girl who sells the golf goods has a practical knowledge of the game. It is a wise policy for any business man to open classes for his clerks in order that they may be thoroughly informed with regard to the goods they have to sell. This is not all. Clerks should have a range of general knowledge, as well as a knowledge of wares. One does not care to be waited upon by a clerk or a business man who has no knowledge beyond that required to sell goods. A doctor must be a man as well as a physician. The same idea holds in other callings.

In business, aesthetic culture, and the practice of aesthetics, count for very much. One passes by the ill-kept store, and patronizes the place where things are well sorted and neatly arranged. A girl with a neat dress, clean hands and a cheerful smile will do twice as much as a girl who is slovenly and whose chief occupation is gum-chewing and loud talking. There is such a thing in a store or place of business as a dominating spirit, and this is of

more importance than any other thing. It is well when this is the spirit of refinement and culture. I passed into a store the other day, and seeing behind the counter a man in shirt sleeves, with dirty hands and with unshaven face, I asked him if he had a clerk to wait on me. After I inquired a second time he said "Oh, I'll wait on you myself." "No!" I said. "Not unless you will put on a coat, wash yourself, and look respectable. I refuse to buy apples from one in your condition." When I passed the following week he wore a white linen coat, and I bought from him some fruit. Really, I think I should have had it for nothing, for I am sure his improved appearance would add fifty per cent to his trade. There is many a man who boasts of the growth in his business. He owes his success to the sweet, well-behaved shop girl, who is a blessing to the whole community. And so I say that the public appreciate cleanliness, order, beauty, attractiveness. They care for the flavor of a place.

The place of business is always a social centre. I don't want to deal with a man who is a grocer and nothing more. I come to see him, as well as to see his goods. This is why I can't endure some departmental stores, and why I keep away from some barber shops. Yet, on going into certain stores, a man with a paper bag in his hand rushes at you saying, "Well, what will you have?" To such I always say, "My dear man, I came to see, not to buy. Just give me time to breathe, will you?" It is different with our good friend who keeps a store on Portage Avenue. There is the handshake, a mutual inquiry as to health, family affairs, business affairs, etc., and then finally, just as an afterthought, perhaps, a purchase of goods. When I buy goods, I like to buy with them a few seconds of a man's time, and when he takes my money I am flattered to think he liked to have a few seconds of my time. The friendly exchange of courtesies is more to me than the exchange of goods for cash. Isn't it true that we all like to deal with men who possess souls? Even a money-lender of the Scrooge type may find his soul. I say *may* find. I have my doubts about mortgage companies, and shall I say—village school boards. There is a race of people who unfortunately have a bad name in that they are unscrupulous and close-fisted. I wonder if three-fourths of it does not lie in this, that they do not take time to be friendly, and hence are disliked. He is a poor business man who does not take time to develop the social virtues.

The prime qualification in a business man is that he be trustworthy. His word must be as good as his bond. A man who uses questionable methods may succeed for a day, but he cannot retain public confidence. In the long run it is character that tells. The oft-repeated statement about the Hudson's Bay Co. store, that "You can depend upon the goods," is worth more than all the advertising in the press. A good name is above riches. So merchants who refuse to sell poor goods with [illegible]ning their customers will win every time over those who deceive. It is a [illegible]on to hear this: "No man will cheat me a second time." So in the matter of prices, promises to deliver goods, guarantees as to quality, and the like, the man who is going to build up a business is the one who is unfailing. The man who misinforms, who uses a mean advantage, will find his custom dwindling away.

These five aspects of business—the physical, the intellectual, the aesthetic, the social, the ethical, are all worthy of consideration, for the public think in such terms every time a purchase is made or a transaction completed.

ORGANIZING A COUNTRY RETAIL STORE

BY G. PRYOR IRWIN

I remember a few months ago in reading a certain periodical I came across a story which to me carried a moral, and since I have considered that story I find that it carries a moral even stronger than it did upon the first reading. The story went something like this:

A number of visitors at a certain home were being shown through the house by the small boy of the family. This little son was taking very much pride in showing the family treasures and was accompanying the guests from room to room. He pointed out the various treasures of the family and gave some explanation of how they obtained this and that, and what their interest in these treasures were. Finally he came to a room in which there hung a large painting, a painting of an army scene in which there was a tent showing a number of soldier boys in the neighborhood. He pointed it out with much pride and said, "That is a picture of my grandpa's company." To tease the boy more than anything else, one of the visitors looked at it a few moments and then said to the boy, "Ah, you say that is your grandpa's company. I do not see anything of your grandpa; I do not think that is very true."

The little boy was perplexed for a few moments, but recovering, as most boys of that age do, looked up into the man's face, and in a frank way said, "Sure, you do not see my grandpa; and do you know why? He is in the tent studying how to get promoted."

My friends, that particular suggestion of being "in the tent studying how to get promoted" carries a wonderful significance to the business people of to-day—because to-day the American business people have a challenge to better business conditions to meet the new era which is approaching, and it is changing what was yesterday a commonplace thing into that which will be entirely new to-morrow.

The distribution of goods has become a problem of significant importance. Since the day when men ceased to gain by force possession of the things desired, there has been some means of exchange.

Of the early economic life of mankind we know but little. Food was not distributed through various channels as it is to-day. Fish, game, roots, wild berries, and such provisions as nature provided, were the principal articles of food. The cave, the tree, and the "great out-doors" furnished sufficient shelter. They were not concerned with the making of things, and the production and distribution problem was unknown. Each family provided for its own needs and was apparently independent of all others. This was not to continue so, however.

Probably the next important change in the habits of living was caused by the discovery that certain agricultural lands were better suited for certain purposes than others; certain individuals or tribes demonstrated their ability to more skilfully fashion certain articles for human use. Naturally those who did not possess these things were desirous of obtaining them.

Each family continued to produce most of the things necessary for their existence. When in need of his services, one of those who had excelled in the pro-

duction of certain commodities was called in. He lived with the family, enjoying a great many of its privileges, until he had completed his task.

After a while markets, called "fairs," were established for the marketing of products, and the "bartering" for the entire family was done by the head of the house.

Since that time men have been learning more and more to depend on each other for aid in securing and disposing of needful things. Indeed, this old problem of distribution of merchandise has become a factor of the greatest importance to everyone. With our modern-day forms of living, it would be impossible for every person to secure much of what he now feels necessary to his existence, hence the need of someone to relieve him of this task. In addition to relieving the consumer of anxiety as to where and how he may secure these necessities, this system of distribution has provided means of employment for thousands of persons. With the exception of agriculture, more people are engaged in this pursuit than in any other occupation.

In this great system of distribution, the retailer has a very important part, for he it is who comes in contact with a large percentage of consumers. He is a distributing agent for the manufacturer and the producer, a buying agency for the consumer. In many cases he assists very much in regulating buying, and if he is a wise merchant he assists very much in creating demand for certain products.

Yet in spite of this fact, there has been, until very recently, comparatively little study made of this particular field. We find during the past few years very little study of this important subject. Men and women have been engaged in retailing with no qualifications save good intentions and some capital. True, many of them have been successful, but what of the large number who have not? They have been an expense to society, unfair competitors to the well informed merchant, and they themselves have not prospered.

In spite of this condition, there have been many changes in the methods of distribution of merchandise to the consumer. Apparently each new development has been a step forward, compared to the former methods.

In order that we may have an intelligent appreciation and judgment of present-day business conditions, it is necessary that we know something of the business developments of the past. It is indeed a marvellous change from the days of the "itinerant" merchant to the present-day modern "shopping emporiums" with which you and I are so familiar.

In the earlier days of civilization, the needs of the community were largely filled by this "itinerant" merchant. He travelled from place to place calling upon individuals, giving them the things they needed and selling in small quantities the things they could not otherwise obtain.

A little later, an individual who was rather shrewd found that it was the most difficult problem to carry from house to house his entire stock of merchandise on his back, so he established a market place. Being a wise merchant, he located his store where it might be convenient and easy of access to the largest amount of people, and began to barter at this place. I say "barter," because I might say at this particular stage of merchandising, so far as we know, there was no form of exchange; in other words, they had no money of which we have any history.

The man who had a surplus supply of furs might go over and trade the surplus of that particular product for the surplus of corn that his neighbor possessed. It

was necessary in those times, as near as possible, to get an equivalent in value for the goods exchanged, because there was no exchange to give for the difference. After a while, the individual who had this market-place discovered that if he had more lines, carried more products, he could do more trading, so he began to add lines to his store.

The origin of the word "retailer" was no doubt from the Latin words meaning "to cut off" and "by the piece." Hence the modern term "retailer" was generally understood to mean "selling by the piece" rather than in bulk.

In the earlier stages of civilization, the needs of the community were, as I have stated, largely supplied by the itinerant merchant. Then came the "shop," as the retail store is commonly called in England. This class of merchandisers was supposed to have centred its efforts entirely in an individual line. Probably our "specialty shops" are a continuation of this idea.

Certain communities, because they were sparsely settled, could not furnish sufficient patronage to support the "shops," and the storekeepers were compelled to add other lines. This was probably the origin of our general stores, such as are found in numerous country communities. Eventually, some of these "shops" were grouped in a central trading place, designated in some localities as the "Fair."

An insight into conditions as they existed in the eighteenth century is given in the "Tour of Great Britain," by Daniel Defoe in his description of Sturbridge Fair in the eighteenth century:

"Having been at Sturbridge Fair when it was at its height, in the month of September, the year before I was at Newmarket, I must say that it is not only the greatest in the whole nation, but I think in the whole of Europe. . . . It is impossible to describe all the parts and circumstances of this Fair exactly. The shops are placed in rows like streets, whereof one is called 'Cheapside'; and here, as in several other streets, are all sorts of traders, who sell by Retale and come chiefly from London. Here were Goldsmiths, Toymen, Brasiers, Turners, Milaners, Haberdashers, Hatters, Mercers, Drapers, Pewterers, China-ware Houses, and in a word, all trades that can be found in London."

In certain places in the early ages this market place was designated as "The Arcade," a court or street wherein was represented, by a series of small shops, almost every kind of business. The buyer could supply his every want without leaving the "Arcade."

Our modern department store, the newest development of retail merchandising, is, in a sense, an "arcade" under one management instead of individual ownership, as in the earlier days. Each department is a separate store as much as the individual shops were in the "arcade."

There have been other developments in the retailing of merchandise that are interesting. Certain individuals finding one store profitable have added other stores until the "chain store,"as it is now known, has become a factor of no small importance in the retailing field. This group has been designated as "retailers' chains."

This particular variety of store has been exceedingly profitable in most cases, and it is well this morning, as we turn to the thought of organization of a business, to look at some of the reasons for success of this particular organization which is forging ahead so rapidly.

You and I may reach success by watching the way the other individual reaches success, and by adopting, so far as possible, the practice of things that have made the other individual successful. This morning we shall, for a moment, look at some of the reasons of success of those stores that are thriving so successfully throughout the entire American continent.

We find the first real reason for the success of the chain store, compared with the average retail store, has been that they have better merchandising methods. They have employed men who were experts, men who have studied the merchandising problems so that they merchandise with a plan rather than opening a store, supplying it with merchandise, and sitting down and waiting for patronage.

The second thing we find which is vastly important and of great significance in connection with this particular variety of successful stores is that they have made a more careful selection of their location. They have not decided thay would like to locate a store in this vicinity because it happened to be "close to pa," and "I could visit with all the family on Saturday afternoons or Monday morning." They have carefully studied that locality and they have ascertained so far as it is within human power just what amount of patronage they are going to have, just where their patronage is coming from, what the purchasing power of that community is, how many people pass the store at a given time, and what those people pass for, and what might possibly be their frame of mind towards purchasing at the time that they pass.

The third reason for successful merchandising with these particular firms—I might apply this to almost any of them—has been the employment of more competent assistants in the store, regardless of whether or not the assistants may be one or one hundred. The old idea that anyone can successfully conduct a store has long since given way to the idea that it is decidedly unprofitable to pick up an individual who wants a job, to give that individual a book and pencil, and to drop him down into a merchandising shop and expect him to bring large returns. So these successful stores have, in the first place, endeavored, so far as possible, to employ competent persons to conduct their business and to represent them.

In the next place, they have spent large sums of money and very much time—profitably, to be sure—to make these assistants more competent.

The fourth reason is better buying facilities, probably because of the volume of merchandise handled, which is a pretty hard proposition for the average retailer to confront.

The fifth one, however, is vastly important and probably more important to the retailer of the small store of to-day than it is to the large store; that is, they are securing a more rapid turn-over of merchandise. They are no longer purchasing merchandise, bringing it into their stores, putting a price upon it, shoving it back on the shelf and saying to themselves, "I hope it moves," and then forgetting it. They get a rapid turnover of stock.

These people have found that this is the keynote of good business: "To purchase in as small quantities as possible according to the location, according to the demand of our consumer, according to the facilities we have for reaching the market and obtaining a market, and then keeping the selection down as small as possible." Then they see that the merchandise moves. This, my friends, is a vastly important part of the merchandising programme.

The last thing that you and I might note in connection with successful merchandising establishments is the elimination of unnecessary expenses. They have

watched very carefully every expense, not only the large ones but the small ones. Last summer I was studying one of the splendid chain stores in the east. I saw the manager of that organization approach an employee of that institution who had been called upon to serve a patron. This particular transaction required a certain amount of "figuring," if you will allow me to use that expression. The employee reached over, picked up a little pad and began to figure. The manager saw this and approached that employee and said to him: "The transaction that you just now consummated probably means one cent profit to this establishment; the quality of bond paper that you figured it on at present prices probably means one cent; the overhead expenses of this establishment are approximately 24 per cent. How much profit did you make just now on that transaction by using that small piece of paper?"

The employee, who had studied very little of the idea of merchandising, said: "Why, it seems to me that is a very small thing to be discussing with me, a little piece of paper like that."

The manager of this particular organization said: "Yes, it seems small to you; we have approximately seven thousand employees; imagine seven thousand of these sheets of paper piled up, if each individual used only one, and you will find out that "little losses of that kind are the kind which sink the ship. I am not going to have my ship sunk this summer, so I hope hereafter you will pay attention to some of the small leaks and losses, some of the things that take away the profits after we have made them."

These are all vastly important problems to the average retailer of to-day. Because of these better business methods, we see the great chain stores, we see the mail order house, the large department store, which looks as though it would overshadow and completely drive from existence the small retailer. All of these organizations succeed because of better business methods and because of a more scientific conduct of their business.

The retailer who expects to compete with these organizations in the future will, of necessity, study their methods, ascertain the reasons for their success, and act accordingly.

The retailer who would successfully meet the competition of the chain store and the mail order house must adopt the same degree of efficiency in the conduct of his business. He has certain advantages which, if properly used, will enable him to successfully compete with these competitors. He has the advantage of personal contact, which permits him to become acquainted with his customers, their likes and dislikes, their interests, their families, their home conditions. These advantages enable him to become something more than a merchandiser or a merchant. Knowing the peculiar conditions in his community, he is able to buy for and cater to them with a very accurate knowledge of their needs.

He may give his prospective patron the opportunity of inspecting the merchandise before purchasing; he may give him successful assistance in the seclection of the things best needed for him. In many cases he accommodates the customer by extending credit when necessary. He has the opportunity of advertising regularly, thus informing his prospective patrons of interesting events. He carries in stock the desired articles, thus eliminating delay.

By having a clean, well-arranged, attractive store, he may attract people and promote sales. In this way he builds up a personal following, and he has

a personal touch that none of these larger stores can hope to have. He may become a factor in the life of the community.

The mail order house is at a distance. It is working, as it were, in the dark, adopting certain methods that have been tried and found successful, but it knows not the individual. The great chain store which has become not a one-man or a two-man concern, but is composed of thousands of men and women, loses that personal touch that the average retailer has. And so with the possession of these facts pertaining to his community, with the possession of certain advantages which he has, and with better merchandising methods, I believe that the retailer of to-morrow will continue to progress and that he will continue to prosper so long as he realizes his opportunity for service to the people of the community.

We are no longer thinking of a business house as a place where we might entice people, relieve them of their hard-earned money, turn them out and look for another victim to-morrow, but we are thinking of our modern business house as a place where value must go for value received. We are thinking not of "the customer for the store," but we have found out long since that the store was for the customer; that courtesy and kindness are not superficial in business but very necessary.

Men or women who would succeed in business must know the product they expect to sell. They must have some knowledge of human nature, meaning that they are able to meet human beings on a common ground and to find out some of the interests of the average human being.

With these ideas in business and with this progress, there are coming some advanced ideas also in connection with some other parts of business. There was once a time when it was considered pretty good business to catch a patron, sell him something for a certain sum, and then allow the patron to find out that it was not exactly what it was supposed to be. That was at one time what certain people considered good business, but to-day we are not thinking of it that way. You and I know that certain organizations which are enforcing laws that compel every business man to back up his statement and to practice honesty in business have been formed throughout the country. We know of that splendid organizztion, the Salesmanship Congress of the World, which has adopted for its motto, "Service." They are striving to study laws of supply and demand, that they may search the market and obtain certain commodities at a time when they are plentiful and retain them until the time when they are scarce, that they may bring them from a place where they are plentiful to a place where they are needed; and so he studies the pleasure and the profit of his patron. He always carries in mind, "How may I best serve the people of this community?"

The first thing to do in starting and organizing a business, then, is to go out and find a place to transact business. Now, the individual who starts out to select a store will study very carefully many things that enter into the community life and that will enter eventually into the progress of that institution. He will go to that community and try to discover the things which enter into that community life—the buying power of the people of that community, their approximate income, how they make a living, and what are their desires.

"To get business, go where business is," and so the first thought that the average retailer, who is locating a store, would have in mind is, "What is the possibility for business in this particular place?"

If I go to a town, assuming I am going to start a store, walk down the main street and say, "I am going to start a store in this building because it is empty or because I can secure it," that does not necessarily mean I am going to be a success in business in that town. The great chain stores, which are located so successfully, send an individual to the community. They first study the number of people living in that community, they find out the population, and so they first know how many prospective buyers they have in the community itself. They then study very carefully the amount of trade which comes from the outside to this community to shop, and they add that to the total population that is already in this particular community. Then they begin to analyze what kind of people they are, because the nationality, the way that people make a living, and their approximate income, means success or failure to their institution. If it is a community that depends largely upon persons who are farming, they start out to find out a few things about those farmers. First, they find out the size of the families on those farms so that they may know how many possible patrons they have. They ascertain as near as they can from certain information they can secure the average cash income of those people. When all is said and done, the income of your patrons is the thing that determines the success or failure of your institution. Let me illustrate by giving you just one example taken from a city rather than this particular form of farming community.

The law of averages tells us that people of certain income—for instance, I will say people of $600—at the present time have very little to spend for luxuries. It is not necessary for me to argue with any of you with the present purchasing power of a dollar, that anyone with an income of $600 is not going to be able to buy many luxuries. So, on the face of it, an analysis of the income of the patron of your store is the most vital piece of information you can have. Why? If I haven't any money with which to buy, how am I going to buy? If I am working down here in a certain establishment making $50 or $60 a month and I have two or three members of my family for whom to provide, you may rest assured that I am no patron for anything save the barest necessities, and perhaps not all of them that I would like to have. If my income reaches $1000 I may not yet be able to enjoy some of the luxuries which some of the people with whom you are acquainted do, but I certainly am going to have more to spend for a few luxuries, a few novelties, than if I had only $600. My friends, if there is one idea I would like to leave with you as a merchandising proposition, it is that idea of analyzing the purchasing power of the people of your community. We find upon looking up averages that the average family with an income of $600 spends approximately $400 or $423, as near as we can find out, for food and the very barest necessities. How much is left for novelties? If you are supplying a community of that kind, how many novelties are you going to place in your stock, because just the number that you place in your stock is going to be the number that you have there when you take inventory (if the people have not the money with which to buy). There is nothing on earth that will make you a successful merchandiser or a successful buyer like finding out approximately the income of your patrons.

Then if I were studying a farming community as these great chain stores study them—and this is certainly very easy to find out—I would find out whether the farmers who were my prospective patrons owned or rented their farms. Whether or not they are interested in building up or getting as much money as possible out of the property, depends on their owning or renting it. If a farmer

owns his home you are going to find an increased demand for certain things that go to make a home comfortable. The recent condition of the crops, whether or not there were failures in this particular community recently, is going to have very much to do with the prosperity of the people.

In any community you will find a man with a poor piece of land. Anyone who has lived any length of time there will say to you, "The fellow has a poor piece of land; he can never be very prosperous with it."

That same analysis applies to merchandising. Show me a community where the people have very little chance of success in the vocation which they are following and I will show you a community which is not going to be very successful, so far as merchandising is concerned.

Before I located a store, I would drive through the country. I would not only be concerned with the main street of the town where I put the store. I would see the farmers, and I would note whether or not they were prosperous, whether the buildings were painted or going to ruin or whether they were being improved or likely to be improved in time. I would look at the animals and see whether the horses were well-kept or not.

Show me a man that has splendid animals and I will show you a man that is prosperous. Show me a man who allows the animals to go down and look as though starved to death and I will show you a lack of prosperity. I would study not only those, but I would go farther and study the market for selling the things those people raise. I would talk to the people themselves and find out if they were pessimistic, whether or not there was a chance of their being successful.

I would then look for the location of the store, provided the conditions in the surrounding country were right, and I would begin to analyse the exact location of this particular building.

Someone has said, as I mentioned before, that it is "well to go where business is," and so I would study very carefully where the most business in this particular town was being carried on, and I would try to get as near as possible to the place where the most people passed.

When they get ready to locate a store, the great chain stores send an individual to town. He stands in front of a location and carefully counts every individual that passes that store. He then leaves and a new person representing that organization comes in. He counts the persons passing that place at a different time of day in order that he might see if it is just at some particular time of the day that the people go by the store. After this individual goes back with his record of the number of people passing, another individual quite frequently comes and tries to ascertain why they pass, because it makes a very big difference in a merchandising establishment as to why people pass a store.

Let me give you an illustration from one of our cities in Illinois. I have in mind two young gentlemen who had worked in a large chain store in which the proprietor had been quite successful. These two young men decided they were going to start a men's furnishing store themselves; so they left the main street of this particular city (which was a mining town, by the way) and went out about half a mile from the mine. They build a splendid store, bought some splendid merchandise, and opened up this store (as they thought) easy of access to the miners. To make a long story short, they eventually went into bankruptcy. When some of the people concerned with that particular problem began to study the reasons for failure of that organization, they found this: That although the particular store was located within half a mile of the mine, when those three

thousand men came from that mine they were tired and dirty. The thing they were interested in at that time was to get home and wash, and not to buy merchandise, so they hurried by this store. They went home and washed, changed their clothes; then they were close to the down-town store, and in the evening they did their purchasing down town. They had nothing to take t' em back to the mine when they were ready to purchase. So the mere fact that people pass by a business front, my friends, does not mean that people are going to purchase there.

The United Cigar Stores study very carefully the locating of their stores so that they may be at the point a man is likely to be when he has a desire to smoke. That sounds as if it were going very far into technicalities, doesn't it? But it is not. If you go into the location of these splendid cigar stores, you will find one of these cigar stores placed near splendid office buildings or restaurants regardless of the rent. Doesn't this sound reasonable? I am working in an office until 12 o'clock. The time comes to go to lunch. I secure a splendid meal. The average individual, after he secures his meal, is ready for a smoke. Now this cigar stand, because it is properly located, is right here when I come out. I am ready to smoke and the cigar stand awaits me right there. They know that to place an institution that wants to sell merchandise at the right place when a fellow wants to buy is a vastly important part of the programme. So as technical as that may sound, there is just as much value in that for the retailer.

To the individual who feels, "Oh, I am already located; my store is already placed; therefore that does not help me," I am going to say this, "that that individual who does not study the location from that point is losing an opportunity." If this analysis reveals to him that he is off the beaten path, if he is on this side of the street and most people go on the other side—if he is a wise merchant he is going to make some plan to overcome those disadvantages. If he finds he is on the wrong side of the street, as is often the case, so far as weather conditions are concerned, he is not going to say, "It is all up; I am on the wrong side," but he is going to try to overcome those conditions in certain ways. I know an individual in the States who is located on one side of the street where it is so hot that people will scarcely walk by. Instead of putting in colored articles that make you hot, he always tries to make you cool, and inside he has an assortment of all those things the appearance of which go to counteract heat. Another gentleman has found he is on the side where most of the cold winds blow, where the snow accumulates in front of the store, and so he endeavored during the past few months to overcome these disadvantages by cleaning the sidewalks—by making them safe for people to walk on this side when for certain reasons it is not the best side for them. He has taken into consideration everything that affects his location; he has tried to find out what would make it attractive to people, how to make it easy for people to get there, and how to make it most acceptable to them after they get in.

Study the purchasing power of the people, their needs and desires; find out as near as you can those things which enter into their lives. The desires of the people are formed largely by their environment and their surroundings. We study not only the location of our own buildings, but we are going to study the competitors. What kind of competition have we in the community? Are the merchants in the community progressive? If there is anyone else engaged in business there, see if they are progressing. Are they of the "cut-price" type, or are they men who believe in getting a fair margin of profit? Do they guess at what it costs them to do business, or do they conduct it with a careful knowledge of business? Have

they a reputation for honesty or for dishonesty? Do they work together for the good of the community or does each man pull for himself? Show me a community where all the merchants are working to bring people to that community, show me a community where every merchant in that community regardless of his line of patronage is studying that community with a view of analyzing it carefully, of taking advantage of all the natural advantages they have and of overcoming the disadvantages that that town might have—then I will show you a splendid place to locate your business. But if you take me to a community where the merchants are small, narrow, where they open up stores without any analysis of the territory, where they do not strive to overcome such natural disadvantages as they have, where they pay no attention to their windows, and the dirt accumulates on the furniture and the glass, where the stock accumulates and becomes old, where they take no interest in bringing people to that community, then I will show you a community where business is not going to be very profitable.

And so at this stage I must close with this suggestion: I will leave with you this idea: How much do you know about your business? How much do you know about your community? What is the purchasing power of the people of that community? How much is bought outside of the town and why? Whose fault is it that it is bought outside of the town? What steps have you taken to make your community a better community for people to live in—because people usually buy their merchandise where they live? What part have you taken in analyzing that community to make it a better merchandising centre? How much have you studied your location with a view to increasing the patronage this year? What have you done to make your store more pleasing to other individuals?

With these few suggestions, I will ask you to analyze your own community. Think about it from the customer's viewpoint, not your own. Ask yourself, "Would I trade in this town if I were living here," and if not, "Why?" Walk down the other side of the street some morning, look at it from the other fellow's viewpoint, find out all he knows, and then add that to your knowledge of merchandising, and I believe you will find that merchandising during the coming year will be a greater success because you are conducting it with a knowledge of all the conditions.

There are many persons who say that it cannot be done. Over in our own state I have had dozens of small retailers say to me, "That sounds like big store stuff; therefore it does not mean anything to me." I say, my friends, every big store was once a small store, and the reason the big store is big is because it grew from a small one with better methods. There never was a large organization of this kind that was not at some time a small one, and therefore it is well that you and I should study what made them large. If the methods that these successful organizations apply in studying their location, studying their people and knowing all the conditions, will make them a success, so it will make a success for us.

"There are thousands to tell you it cannot be done,
There are thousands to prophesy failure;
There are thousands to point out one by one,
The dangers that wait to assail you,
But just buckle in with a bit of a grin,
Take off your coat and go to it;
Just start in to sing, as you tackle the thing,
That cannot be done, and you'll do it."

RUNNING YOUR STORE WITH YOUR EYES OPEN

BY PRYOR IRWIN

This morning I shall endeavor for a few moments to direct your attention to some problems of store management. I heard a story of a northern man in one of the northern states of the United States who, desiring to make an investment, was induced to invest his money in a lumber mill in Arkansas. Finally one day he decided to go down to see what his investment looked like. He arrived at the station where he had telegraphed the person from whom he had purchased this lumber mill to meet him. He was met at the station by a friendly old gentleman who introduced himself as the former owner of this lumber mill. This man desiring to see his newly acquired possession, requested that he be escorted out to this particular location. Climbing in behind the old gray horse with the former owner of the mill, he started out to the mill. After discussing the weather and certain other things, he became slightly better acquainted with the former owner. He decided it was time to get rather confidential, so he said to him: "I don't know very much about running a sawmill. You know a lot of things a fellow could learn about a business of this kind. I wish you would tell me, stranger, how to make a profit out of that mill; I have it on my hands now; the next thing to know is how to make a profit on it."

The former owner hesitated for a few moments, then he said, "Well, stranger, I certainly like to be obliging. This is just about the way that proposition is. In the first place, I didn't buy that mill; that was left to me by one of my uncles, and so it didn't cost anything. All the lumber that we run through that mill was stolen up the country, and therefore there was no cost for material. My son-in-law was the freight agent, and he always managed to slip it into the cars without paying any freight, so it didn't cost anything. Fortunately for me I had two boys, and between those boys and myself, we did all the work, so we didn't have any labor cost outside the family."

He stopped a minute and then said, "You know, in spite of that, I lost $400 on the darn thing last year."

And so sometimes we are confronted with adout that kind of a proposition in business. How to make a profit, then, is the first thought in connection with the retailer. When you first mention profits in connection with the retailer to-day, there are many individuals who look at you and say, "This is not a time to talk of excessive profits." But I say "You are an asset to the community if you are a real merchant."

If you have received the vision of merchandising of to-day, you are thinking not along the line of how much you can make, but rather "What can I do for the individuals of our community?" "What part can I have in helping the individuals of this community in providing themselves with the necessities of life at the least expenditure?" If you have received that larger vision,

you are an asset to your community, because you are not dealing alone in dollars and cents, but you are thinking always of the welfare of the people of the community. You are striving to acquaint yourselves with the different commodities that enter the market, that will render service to your patrons. You are lending those patrons the benefit of your purchasing knowledge.

If you are a real merchant, you are distributing those articles in the way most acceptable to your patron. You are able to give assistance to your patron in selecting his merchandise; you are able to help your patron spend his money wisely. In certain cases, particularly those of you who are dealing with food products, you are able, because you are an expert in that particular line, to suggest substitutes when advisable; you are able to help the fellow substitute for the thing that has gone beyond his reach in price. If you are filling that kind of a bill in your community, you are an asset to that community, and as an asset, you are entitled to a fair remuneration for that service. Understand, I said "fair," and fair, only. Back years ago, you and I have heard that a certain wise man said, "The servant is worthy of this hire." You who are conducting a store are just as much entitled to a certain salary for that particular work as I am if I am sawing wood for you.

And so, gentlemen, I suggest it is worth while for us to think about some of the things that go toward remuneration for our service. Regardless of the amount for which we can employ an individual, if we are fair, we expect to pay that individual for his services. I maintain that no man should receive an unfair profit. We should not work for money alone. We should have some other interest in the community; but just the same, you realize as well as I that it is absolutely necessary for the man who continues in his business to make at least sufficient remuneration to make a living for himself.

I am going to ask you to turn, as it were, and to look at your business perhaps from a little different viewpoint than you may have done before.

I have a friend who is afflicted with the loss of his eyesight. I have thought many times if there was any one thing in the world that I might give to my friend, it would be this power to see things as we see them. I see my friend willing and anxious to enter into the other activities of life, but he does not see where he is going, so he is at a decided disadvantage. So it is true of a great many merchants. They are working alone, striving hard to make a success of their business. They are anxious to serve the people of their community. They realize that that splendid word "service" has not been overdone in business in the sense of studying the interests of their community. These men, because in many cases they have not given careful attention to some of the things about business which are of interest are not in a position to conduct that business as well as they might.

First, we have long since arrived at this particular phase of life and of selling, in which we realize that not everyone can successfully run a business. The man who would successfully conduct a business requires as much study, as much preparation, as any profession that men are following to-day.

The retailing ideas of yesterday are not acceptable to-day. The man who bought merchandise opened a store, sat down and waited for customers, and succeeded last year, is not going to succeed with those methods to-morrow. He is going to be compelled to exert himself in order to retain his present patronage and promote more business.

I am going to ask you to look at the location of your business as an outsider would look at it. Ask yourself, "Is that store located at the proper place? Is it easy of access to people? Can the largest number of people in the community reach that store with the least effort?"

I have in mind a gentleman who becoming rather prosperous in a certain line of business decided it would be a splendid thing to build a modern store building on a certain piece of property he had in a certain small town. My friend had sufficient capital to build this store, but he did not analyze all of the things which went into it. He did not definitely study whether or not there was a need for it; he built the store first and found out the rest later. There was no need for that store, for there were sufficient stores to supply the wants of the people living there.

There are always two ways to find out whether or not there is a need for a store. The first is, "Are the needs of the people being sufficiently filled?" The other is, "If there are sufficient stores here, is there a possibility by hard work during the years of waiting, through additional service, through added lines, to build up a business?"

This man did not study any of these problems when he built this wonderful store. He spent a good many thousand dollars in order that he might take pride in pointing to this building. To make a long story short, it was not a success. On both sides of that buisness were stores which were successfully meeting the needs of the people. They were dealing fairly with the people of the community, and there was no reason why they should transfer their patronage. Two years later, I was in that immediate vicinity with some friends of mine. With us was a banker from the city of St. Louis who was particularly interested in that wonderful building.

"What is that splendid building standing over there? It seems to me it is most unusual for this small town."

The reply was, "That is a gigantic monument of financial stupidity."

And that is what it was. A store that is located where there is no need for one is just a gigantic monument of financial stupidity. This does not mean that we should be discouraged in starting a store at the proper location, but rather that we should know something of whether or not the location is correct.

And then, if I am going to know something about the location, it is necessary to know something about the people. How many people are we going to draw upon? Some of the people who are authorities tell us that each small town in addition to its trading population has an additional trade of approximately 40 per cent. A town of 2000 will have approximately a trading population of 2800. I do not say this applies to all towns. In some of the western states, we have larger towns which draw further; in some of the eastern states, we find towns drawing less. It is generally accepted as a pretty good average, and if yours is high, you should be all the more confident that you are getting what you are entitled to. How many people can you reach in your community? The Government in taking statistics count upon five members to the family. One should analyze the kind of people they are going to serve and what the needs of those people are.

Four years ago, it was my good fortune to be employed by a financial institution to study a business which was placed in bankruptcy. We began

to study the reasons for failure of this particular business. We approached the building from the outside. It was modern and attractive and the windows were clean. The location was all right, being on a corner, which is equivalent to the cross-roads in the country. We looked into the store and apparently the store was well kept, and we began to wonder as to the failure of this particular store. We began to study the thing that had caused this particular condition. The young men had previously been employed in a large general store in the city. They were splendid clerks or salesmen. They had been quite successful in pleasing their employer who was a most successful merchant. The young men, like many young persons who have nothing to do with the management problem of a business, decided it must be a pretty easy proposition to make money. Instead of working for the boss they decided to start a store of their own. They secured this location in a different part of the city from which their former employer was engaged in business. They secured a building that was splendid and installed modern fixtures. They bought their merchandise and opened their store. They ran along one year and nine months, and the sheriff overtook them. It was our business to study why that business failed and find out some way to get the money out of it, if possible. These young men had both lived in very comfortable homes, they were reared in families that had not only the necessities of life but many of the luxuries. Their tastes were educated to olives, preserves, and high priced sardines and things of that kind. So instead of buying for the people of the community, they bought to please themselves. Unfortunately, they chose the wrong location for that kind of merchandise. Their patrons were laborers who were receiving perhaps $15 to $18 a week and supporting a wife and three or four children out of that. It is needless for me to say to you retail business people that this particular class of trade, because of their limited income, could not afford luxuries. They came down and bought the flour, the sugar, and the things in which there was practically no profit, and the things that might be profitable stood on the shelves. A small proportion of that stock turned often, but it did not turn often enough to carry the proportion that did not. The net revenue from the few staples was not sufficient to carry the business.

One of the young men said to me, "One thing I get out of this."

"What is it?"

"I am a 'darn sight' poorer than I was before, but wiser."

I say there are things to study in connection with your business. Find out if you are meeting the demands of the various classes of people. At a recent congress of business men, there was represented an organization selling food products. They have a reputation for carrying high class merchandise, for having the very best patronage in the city. We were discussing business, and at the close of that session, one of the managers of that organization came up to me and said:

"Do you know, our assistant manager and myself have been sitting there making some notes? The thing we resolve to do is to enlarge our territory in spite of the fact that we have been established nineteen years."

"How do you propose to do it?"

"While you were talking about catering to one kind of trade only and about the possibility of additional trade, we have been thinking. We are

proud of the fact that we have the best trade in the community. Unfortunately for us, we have prided ourselves upon that so long that we have no other kind. The reputation we have is that this is a high class store for wealthy people. In spite of the fact that this place is noted as an industrial town, I cannot recall that there have been many workingmen in our store. I have been trying to think of the farmers who come into our store, and I cannot think of one."

And so that gentleman realized that there was a very large problem before them.

The man who would successfully enlarge his territory and successfully conduct his business is not only going to cater to the higher classes but to the middle and lower classes as well. He is going to furnish the fellow who needs the barest necessities, and he is going to furnish the other fellow with other things. He is going to supply and to keep a farmer as a patron as well as the city people. He is going to find out how many professional men there are in his community and whether or not he is getting a share of their patronage. And then he is going to pay some attention to the children of the community. One man said, "I would rather have the children boosting for my business house than any particular set of people in the community."

He is going to find out whether he is really catering to all of them or whether he, like this young man, is drifting unconsciously into catering to a certain class of people.

He is going to ask himself, "Is it easy to get to my store?" I mean "easy" with respects to roads and sidewalks. Two years ago, in the winter time, I was invited down to a western city to look over a hardware store. This store was in some financial difficulties due to the fact that the manager of the store had died. His son, who was inexperienced, had been placed in charge of the business. The boy was a hard worker, but he did not realize how much money he was tying up in that business. Eventually his uncle who was president of the bank became tired of putting up money and receiving no dividends. We began an investigation to find out how to get some of the money out of the business . I arrived about November. The store was about half a block from the main street. It was so muddy that I went over my shoetops getting there. I said to myself, "I bet a dollar they haven't anybody in that store to-day."

I went over and there were no customers in the store. I said to the young man, "How is business?"

He replied, "Rotten."

"I don't blame the people for not coming, because those sidewalks are so muddy."

"Well, it is not my business. I am not living in a big city. We cannot do all these things. That is the town's business. Of course a town this size, with a few hundred people, cannot do all the things they do in the city, so how can I help it?"

I had been engaged to remain with that business sixty days. I said, "Have you a good strong man here with a shovel? I would suggest the first thing to do before we begin to pay any attention to this business is to clean the sidewalks in both directions so that any woman that comes down town will come right down in front of the store."

"That's a funny way to start building business.'

"It is the easiest way I know."

"We cannot afford to waste our time doing that."

"Maybe we cannot. If you cannot, I will clean it myself."

I cleaned the sidewalk so that any child could cross in safety.

The young man said, "You are a funny kind of fellow to come in here and help a business."

"I know I am funny and don't mind people telling me so, but I use a little common sense. There is not a housewife in the community who is going over her shoetops to reach your store. The first thing is to make your store easy of access."

I made it clear to that man that the best thing to do was to hire a man to clean the sidewalks. The women in town soon found out that this store cleaned the sidewalks, and you could reach the postoffice that way.

The month of January came along. There were some steps in front of the store, and one day I stood out in front and saw two women come down, one of them quite elderly and slightly infirm. They stopped in front and one woman said, "I would like to go in there and look at the ten-cent counter—the novelty counter."

The other woman said, "I don't think I will go in there. I would rather go down to the Seesong store," which was a competing store.

The first woman said, "Why not go in here?"

"They have these steps to climb and with the concrete covered with ice, I am afraid I will slip."

Every day after that I had someone put ashes on that ice so that it was easy to get into that store without danger of breaking a limb. There was nothing wonderful about it, but I assure you it paid us better than anything we did in connection with that institution.

How about the roads that come into your town? I remember a gentleman in the northwestern part of our state of Wisconsin who spent $63 sending out some circular letters. He wrote a splendid letter; he had a splendid mailing list of farmers and had a real value to offer. He mailed it to the farmers, yet few came in. He began to wonder why. He found that the people in town responded to the same letter, to the same value, but the fellow in the country did not. I tried to get to a place three miles from town and the roads were impassable. "That is a splendid way to waste money, inviting people to come to town when it is impossible because of bad roads. How people can get to your community becomes not only a community problem but is of vital importance to the success of your store. I am not asking you to take the burden of constructing all the roads of your Province. You can do something towards making it easy to get to your town and your store. Don't throw away your money inviting people to come when they cannot. Leave your offer until a time they can come, and keep your money in the bank.

In connection with railroad schedules, I have this particular case in mind. In one town in Wisconsin we invited people to write to us for any information we could give them. One gentleman sent to us a copy of an advertisement with this kind of remark: "Here is an adveritsement I mailed out in four different directions in my community. From three directions I received replies with sufficient business to show me it was interesting and all right. From the

fourth direction there was absolutely no response, and so far as I can find no customers ever came. I wish you people would study that particular problem and send me an answer as to why the people in one direction failed to respond while the people in the other three directions responded."

We studied it very carefully from every viewpoint; we not only had it carefully reviewed from an advertising viewpoint, but we had our expert in charge of that particular problem look it over. We even passed it on to the language department to analyze the language and see whether or not that had anything to do with it; we found absolutely nothing we could condemn. I went up to the city to try to find out. I secured all the train schedules, of which there were only a few, coming into that town. I studied them very carefully, and I found that everybody who came in from the south arrived after the stores were closed. The opportunity to go back south was before the store opened the next morning. They were invited to come and shop when the stores were closed. By the co-operation of all the combined business interests, the railroad was persuaded to make a different schedule a year and a half later, and now (at least), they save the money previously wasted in advertising.

Again, are you patronizing each other? I walked into a small town in the southern part of Wisconsin a year and a half ago. At a business institute, a gentleman who was running a furniture store said to me, "Well, if any place needs a business institute, I guess this is the town."

I said, "What is the trouble?"

"Well, the town is going to the dogs. Everybody sends away to the mail order houses for their goods, and things are going to ruin."

"That's too bad."

I went out later in the afternoon, and while I was in the postoffice, the grocery man of that place who was a particular friend of mine, came in. In discussing the welfare of that community in which we were interested, I said:

"I understand you have a lot of mail order business here, and the town is going to the dogs."

"You have been talking to the furniture dealer over there?"

"How do you know? I am not going to tell you any secrets, but how do you know?"

"By what he said. I am going down town to the depot to see about a package lost in transit, and I wish you would go with me."

I walked down with my friend, and when we arrived, he invited me to go through the freight room. He went looking around here and there at the names on different parcels, and finally when he arrived at a largest package in the corner of the room, he said, "Come over here."

I found there a barrel of sugar and some soap and a pile of groceries. I looked at the name, and found it was the furniture man's. The furniture dealer was the man who told me the town was going to the dogs. I had the pleasure of talking to that body of business men that night, and I said:

"Whenever a man tells me that there is something wrong in the town, and he begins to complain too strongly about what other people are doing, I ask, 'What are you doing?' When I see a man who is running a furniture store in a town, who does not buy his groceries from the grocery man, I say there is something wrong with the community spirit. If I find in a community a shoe dealer who goes over and buys hardware from the hardware man, the

hardware man goes over and spends the same money with the restaurant man, and the restaurant man goes down to the clothing store and buys a suit of clothes, and the man in the clothing store takes that same money back to the place from which it started, I say that community ought to prosper. Every man who has not that fashion of patronising each other has no reason on earth to stand up and say, 'You people should not send your money out of town.'" The people don't care what you need. They say that must be a pretty poor town when the furniture man himself does not buy from the other fellows in town.

I had the pleasure only three weeks ago of standing in a store in a town and hearing a man come in from the country and say, "My friend, have you a certain kind of fencing?"

The hardware man was a merchant, not a storekeeper, so he said, "No, I am sorry, I haven't that. But that fellow over on the other corner carries it. Do you know him?"

"No, I don't know him."

"I will take you over there and introduce you to him."

When he came back, I said, "Do you mean to tell me that you took that fellow over to see your competitor?"

"Sure. Better have the money in town than down in Chicago; it never comes back. Sweeney's wife came over here yesterday and bought a broom from me. I guess I get some of Sweeney's money." (Sweeny was the competitor's name).

The things that unite the town and country, my friends, are exceedingly important in connection with the prosperity of the merchants in the town. Do the farmers talk about "your" town or "our" town? Do they stand in your store and ask you about the programme over at "your" school or "our" school? What are their interests in connection with the community? One of these things, very important in the planning of a business, is capital and the other is the organization. The capital means the money that is invested in the business. A man who would successfully conduct his business must know what is happening to that money which is in the business. There are a great many of us who emoloy persons to work for us. We are very anxious to know what that person is doing every minute of the day.

Then we invest $5000 in merchandise, and when it comes in, we congratulate ourselves by saying, "Oh, I am some buyer; just look at this."

Then we mark it, put it over on the shelf, wait twelve months, and take an inventory. All the time that capital has been standing still. It has been buried. Then we wonder where our profits have gone.

The first thing is that a man must have sufficient capital. I am not going to set that sum at $100 or $1000; that is not my intention by any means. I have seen men save up a little bit of money and go into business with just as much chance of success as a handful of snow laying outside would have in South Africa on a hot day in August. Why? They had one thousand dollars. They bought $500 worth of fixtures. They then put the rest in stock of certain kinds. They let some fellow tell them what to buy and how much. Some fellow came along the next day and said he would like to have some credit, and they tied up the rest.

The man without sufficient capital is experimenting. I believe a man should have a sufficient amount of capital to take every discount he is entitled to. When a man is not taking his discount, he is losing a large part of his legitimate profit. I have often found it pretty good business to borrow money to take care of discounts. I could make more money that way than any other way I knew of. Take your discounts if you expect to be successful. If you want the goodwill of the wholesaler, continue to take your discounts by paying promptly.

There is another side to this. A fellow must not have too much capital. I investigated a store for a certain mercantile concern a couple of years ago. I found in that particular store that I have in mind some ready-to-wear garments that had been there just seven years. They were originally priced to sell for $40 to $50. I said, "Heavens! you do not mean to tell me that merchandise has been here seven years. How do you do it?"

They had a new buyer in charge of the ready-to-wear just then. He was a fellow who came from a town in Indiana, and he was a merchandiser, so he said, "Do you know what is wrong with this place, Irwin?"

I said, "What is it?"

"They have too much money."

"Too much money in business?"

"Sure. They are not compelled to sell their merchandise; if it does not sell, they still have money to pay their bills."

Show me the man that does not have to sell to pay his bills, and he wont sell; show me the man that can get more money from Pa, and the same thing applies. In most cases, they are not going to succeed.

Don't put all your money in business. If wealthy enough to have a surplus, put that surplus somewhere; don't tie it up in merchandise. How much capital have you, and how are you using it? Are you getting a proper turnover? If you are putting it on the shelf and your merchandise is standing still, then you are not realising upon that capital.

Are you guessing about your business or are you knowing? Do you regulate your buying or do you let some fellow come along and talk you into buying what you do not need? I have in mind a small merchant who had that particular problem. He solved it by adopting an idea from a large store, although he was a very small man. He keeps track of the purchases at cost for the past season. When he comes to buy for the same season the next year, he looks at it and finds that a certain amount of merchandise has been sold during this time. Instead of saying, "I sold $100 at cost of this particular article last year so I will buy $100 this year," he said, "Well, I bought $100 at cost last year; my first purchase this year will be $80, but I will give $100 to the department and put the $20 as surplus cash on hand. If the person who is selling in that department can demonstrate to me that they need the additional $20, I will let them use it, but I must be the man to O.K. that. If I find after the first purchase that a salesman comes along with something new and interesting at the price, instead of saying, "Our appropriation is all taken up and tied up," we still have $20 to handle and bring up our stock. He told me in many cases that $20 is never used. He adopted that idea from the large store and keeps very closely in touch with what he is handling in that particular store.

The merchant must get sufficient profit. He is going to know what it costs him to do business. When he does that, he is going to do what a letter that I have in my possession from a fellow in a town of 300 in southern Wisconsin said. It reads, "Say, I am sleeping nights now. I am writing you to tell you about it." This man was worrying over what was wrong with his business. We had the good fortune to go into that community and talk to this man about it.

I asked him, "How much does it cost you to run the business?"

"Fourteen per cent."

"It cannot be done." And then I asked him how he knew.

"He told me that."

"Who is 'he'?"

"My father-in-law. He ran this for three or four years. He turned the stock over to me. He told me it cost 14 per cent to run this business."

"Did you make any money last year?"

"No."

"How do you mark your goods?"

"Oh, we mark them so that we make about 15 per cent."

"Do you make it?"

"Well, it doesn't look like it—didn't make very much."

"If an article cost you $1 and you add 25 per cent. and want to make 10 per cent. what would you mark it for?"

"That is easy."

"All right. Tell me."

"$1.37."

"That is where your profits went."

"What would you sell it for?"

"$1.53 and a fraction."

"I don't know where you get it. I don't believe in that new fangled stuff."

"I don't either, but the National Credit men tell me they believe in it; the Federal Trade Commission say they believe in it; the successful chain store and mail order houses tell me they believe in it. Supposing I start a box factory out in your town and buy some lumber for $2. I hire a man to make these boxes for me. I bought some putty and nails and varnish for the boxes. Now you would not say that the boxes cost $2 for they cost you more."

They have an investment of so much in the cost of the lumber, so much for the labor and handling it. You have an investment in handling your merchandise.

Here I will draw ten lines; rent, taxes, labor, everything that shows cost, and if you will give me your expenses, I will enter them daily. I am going to ask you to write down on a sheet of wrapping paper the things for which you spend your money.

The next week I went back and he gave me that sheet. I said, "How much did you sell?"

"So much."

"All right. We will find out what it cost you." I figured it out, and said, "19 2-10."

"Heavens."

"That is where your profits went. Your expense is too great."

"That is a pretty bad week."

"All right. We will take next week."

I took the next seven weeks, and I decided 21 per cent. was about right. He marked the goods correctly. I convinced him on that matter of the selling price, and I have a letter saying, "I am sleeping nights now."

So, my friends, I would know something about the marking of my goods and profits.

Know what lines are paying and what lines are not. There is no reason why any of you should not know what is paying and what is not paying in your business. Know what the salaries cost.

I had an experience within the last three weeks in a business house. A gentleman was talking about his employees. He told me that a certain man was a splendid clerk and a very valuable employee. Then he told me "That little girl there is not worth much," and he thought he would let her go. I was around that store for one afternoon each week for seven weeks, as is my custom in the States. I started to keep track of the sales of each individual. Instead of the position being what this gentleman had told me at the beginning of that session, I found something different. I found that this very man in question was costing 9 7-10 for his sales. The little girl was costing 3½. After that she had six weeks of training in salesmanship and then she was costing 1½. Upon showing the merchant my figures, I said, "I would either raise her salary or hide my face in shame." That man found out the girl was the most valuable employee and the other was not. I say that the man who does not know which employee is valuable, which is making money and which is not, that kind of man is not a merchant. He is a storekeeper and ought not to have employees. He ought to stay small and have no employees.

Know something about your credits; know how much is owed you. I asked a man how much he had on his books. He said, "About the first of the month I can tell you."

I said, "Do you mean to tell me that you do not know every morning what people owe you?"

"I do not know every morning; how could I do that?"

"Easy. Begin the first of the month. You have $500 on your books. You put $100 on that day, that is $600. Somebody paid you $200. That leaves $400."

"I will admit that is easy."

"It certainly is easy."

And so there is the possibility of keeping every morning before you just exactly how much money people owe you. It wont take fifteen minutes of a day's time to do it, provided you have the proper simple records that can be kept in a store.

Finally, know something about your organization. Are you people selling or vending? Are they backing up the splendid advertising you are doing? Do you have the people come in, as I suggested yesterday, ask for an advertised article and the clerks say, "Have we shirts advertised to-day?"

"Yes."

"Where are they?"

"Over there."

"No, they are not here,"

"What kind of shirt are they?"

I wonder if your display is being backed up?

If you pay attention to all these things, you are going to wake up some morning and find yourself no longer a little storekeeper but a merchant. You are going to be like the other fellow; you are going to "sleep at nights."

MODERN METHODS IN BUSINESS

BY G. PRYOR IRWIN

The man who is successfully conducting a business today is the man who practices modern methods at present, or else he is the man who is starting on the road toward successful business by reaching out and adopting modern methods in business.

There are a good many reasons why a man should practice modern methods in business. Perhaps you are aware of those reasons, but for fear there may be one which may have slipped your notice, I am going to begin this session by enumerating very shortly why you should use modern business methods.

Modern business means, first, that you know all about your business. So the first reason I am going to give you for knowing all about your business is your own satisfaction. You would very much like to satisfy yourself. To render service to the people of your community cheerfully, faithfully and efficiently, is some satisfaction. All the time you are looking at the unselfish view, this thought is still running through your mind, "I wonder whether or not I am making money; I wonder if I am getting anything for it; I wonder if, at the end of the year, when the inventory .s taken, I am going to find out that I am no better off than I was last year? I wonder what, at the end of twenty years of hard work, I am going to have to take care of myself and my family, as a result of this effort I am now putting forth?" So, for your own satisfaction, you are compelled to adopt modern business.

There is another fellow who is decidedly interested in what you know about your business, and that fellow is the wholesaler, or the jobber, as we may call him. I had the extreme pleasure of sitting here today and hearing the representative of the manufacturers talk to you. He talked to you as a brother of mine might have talked to me if I had had one. He didn't say, "You fellows have to do this and that," but he said, "Fellows, we are interested in you. We think it is a pretty fair proposition for you fellows to 'tote fair.' We would like to give you certain things: accommodation, credit, and assistance, and we think that it is only a proposition of 'toting fair' for you to give us a reliable statement of what you have, how much you owe, and how you are progressing in business. We would like to know whether you are going forward or whether you are going backward. We are with you all the time, but we have some creditors and some obligations. We have to protect ourselves." So I say to you that your jobber or your manufacturer who is selling you is decidedly interested in what you know of your business, and he is always ready to help you, provided he knows.

Then there is another who ought to be a very good friend of yours in your town. I say to you, if this man is not the friend, he is either not the right kind of man or you are overlooking an opportunity yourself. That man is the man we call our banker. A bank is put in a community for the purpose of serving the interests of that community. They have a certain

definite commodity which they have to offer to you. Generally speaking, that commodity is the use of their money, for which they receive remuneration. They can loan you that money and let you use that facility provided for you, because of one definite reason. That definite reason is that you can show them you are entitled to consideration, that you are not honest alone—most people are honest. There are a lot of people in the world who are willing to pay who have not the ability to pay. So your banker is decidedly interested in what you know about your business. He has a right to be, for he is going to let you have money. It is a legitimate proposition. I may add just here that the retailer who is not using his local banker is losing an opportunity.

As a general statement, particularly with us, the fellow who uses the bank for legitimate purposes, who can show to their satisfaction that he is entitled to credit, who then calls upon that bank for certain sums at specified times, and who takes his discount, paying the usual rate for his money and then discounting his bills, is usually a good merchant. Any way you look at it, discounts are well worth while in business, and the modern business men will not overlook them.

The next man who is interested in having you know all about your business is the fellow who is carrying your insurance policy—the Insurance Company. I wonder how many of you realize as fully as you should what an insurance policy means? It is a definite contract between two parties, or two organizations as the case may be, to do a definite thing. In most of these contracts one agrees to present at a certain time an intelligible inventory of what he possesses. In my State (I have travelled for the last four years, visiting my friends, the retail merchants) I have walked into many stores and asked the merchant where he kept his inventory. The following conversation would take place:

"It is in the drawer over there."

"What if your store had burnt up last night?"

"Oh, the inventory would have burnt up too."

"What would you tell the Insurance Company when you went to collect your money?"

"I do not know."

"Neither do I, because you have 'fallen down' with your side of the contract."

A friend came along and said to me, "If you ever have a fire, you are going to lose all you have. You had better get busy. How would you like to wake up in the morning and not find any store?"

"I would not like that, because I still owe some money on what I have, and I would be in debt besides having nothing."

"Have you prepared your books so that if you died tomorrow they would show your position?"

So, at a little expense, I secured an inventory. He went through that stock with me until I had a statement which was absolutely "fool proof." I placed that statement in a vault in the bank, a fireproof vault. I gave particulars in that statement of the business, how much had come in and how much had gone out, what the purchases were, the time they were purchased, and everything else necessary. About twelve days after that, I closed up that

store with my partner, one night at eleven o'clock (he lived in an adjoining town, about ten miles away). This was in a country where it was easy to travel, and the roads were delightful. He said, "Come on down home with me."

I might mention that I am one of those poor unfortunates who has no home, so I never lose opportunities, you know—some of you fellows who have invited me to dinner since I have been here have found that out. So I went down on Sunday morning—we business men don't get up very early, you know. About ten o'clock I started across to the little church in the town where my partner lived with his wife. W[illegible] met a young fellow on the street, who said:

"That was a bad fire they had at your town last night, wasn't it?"

"What?"

"That was a bad fire they had up at your town."

"Did they have a fire up there?"

"Lord," he said, "didn't you hear about it? Your store was one that was burned."

My partner and I stood and looked at each other, both of us kind of stunned, and then giving my hand to my friend, I said:

"Bad, bad, Harry, but if this fellow hadn't told us about that thing, we would be out digging ditches tomorrow to pay what we owe. That fellow told us to put it in the bank where it could not be burnt. We will drive up to the bank to see."

We went up in my friend's vehicle. The whole town was burned, rather the whole business district. The fire started at twelve o'clock at night, with a fierce wind blowing. Our store went with it.

To make a long story short, the insurance adjusters came down. The last I heard, some fellows were still trying to settle through their solicitors. We showed our records, told the adjusters to take them anywhere they wanted.

Five days later we received this wire: "Come down to St. Louis. Like to see you at the Planters' Hotel."

The adjusters said, "Here, fellows, here is your money. I like the way you keep your books, not for the Company's sake, but for your own. I wish all the others would do the same."

I call that satisfaction. Then there is the man who does not carry insurance on his stock. I am going to ask this question:

"If your stock is worth only $200, can you afford to lose that $200 tomorrow?" If you cannot, insure your stock and do it quickly. Make an accurate statement of what you have, include what you have. Put it where it won't burn up (don't put it in the store), and let the store burn up, because you see what would happen to your record. It is a rather inexpensive prevention, if that is what it amounts to, and I hope it will be.

Then you would like to know some other things in addition to satisfying your Insurance Company. You yourself would like to know what you owe. I talked to a business friend of mine just a few weeks ago. He was talking about the present conditions being hard, such and such a condition, only made so much money last year. We discussed it at some length, talking about the profit he made, and a number of other things, and finally he was telling me what he would like to do. So I said:

"How much do you owe, just what is your condition, and maybe I can suggest something?"

"Well, I have a note over here at the bank for $300, but that is not due for some time yet."

"All right," I said. "How much are your accounts that you owe to jobbers or manufacturers or wholesalers as the case may be, for merchandise?"

"Well, I do not know."

"You do not know! Don't you keep a record of them?"

"Oh, yes," he said. "But it will take three or four hours, I guess, to run through the books and figure it up, and probably I could tell you then how much I owe."

"Three or four hours to give an estimate of how much you owe on your books? What would you say?"

"I would say maybe $900."

Say, my time is not very valuable; I am paid by you and other taxpayers to put in my time and find out about such things as that. Would you mind letting me take a pencil and a piece of paper and run through your accounts? I won't even look at the name if you don't want me to know."

"Go to it," he said, and I went to it.

Soon I had $900, and then I worked an hour or two, and I had $1663. I said:

"You are a peach of a guesser. I would like to have you guess for me."

He said he owed $900 and he owed $1663. What is the answer? That man did not know what he owed. How could he act intelligently in business? He might buy a lot more tomorrow than he could pay for, because he thought he owed $900, and he owed $1663. Is that good business?

I am going to tell you how a lot of people are keeping track of it. It is not something you cannot do. Any one can do it who can write down figures, and anybody who can give fifteen minutes a day to it can do it. You would like to know how much customers owe you, wouldn't you? I wonder how many of you who are running a business could tell me, if I asked you, how much people owed you when you left home? Do you know? You ought to know. It is your business. It is just the same as money to you. I hope it is; if it is not, tomorrow I am going to preach on credits. I am going to assume now, though, it is. I like to know how much people owe me, and so would you. If you are practicing modern methods, you know at the close of your business, or the next morning, just how much people owe you, and how much you owe people, and then you are going to know the expenses of doing your business, and the cost of transacting that business. One man told me he was transacting business for 14 per cent, and I found out approximately it was 21 per cent. There are many instances of that kind.

Now I am wondering how many men in this audience know how much it is costing them to do business? The reason I ask that is I have a friend in this audience who is what I call a real man, one of the men who is climbing up the ladder to larger success. He came down here ready to find out anything that anybody knew. He didn't say, "I am going to agree with everything these fellows say," or "I don't like that doctrine," but he did say, "I am going to ask any question that pertains to my business." So he said, "What is the approximate cost of doing business in my line?"

I mentioned a certain sum as an average. Of course, Winnipeg a small town of 500 people have different costs—a large store and a small store have different costs—but I am speaking of averages only. I mentioned approximately 7 per cent more than the amount for which this gentleman told me he was running his business.

I asked him just how he arrived at that cost, and we discussed that problem. Before we had gone two blocks, he decided there was quite a large number of probably the most expensive parts of his business that were not included in that expense. Therefore his business was surely at the very minimum five or six per cent more than he told me it was, and he wrote it down in his book. He said he was going to investigate.

I call that man a merchandiser. He is going somewhere. He is sure of what he is doing. He is not guessing at his business, but he is a modern merchandiser, because he is beginning to find out, and he is going to know.

How do you men know how to buy unless you keep a record? Supposing I come down to your store and say, "I want to sell you some monkey wrenches."

"All right."

"How many will you buy?"

"I do not know."

"How many did you sell last season?"

"I do not know. I hung the invoice on a wire over there, and the wind has torn it, so I do not know."

So I ask, "How many have you in the store now?"

"I do not know. There are a few over under the counter there, and I saw a couple out in the storeroom."

"How many did you buy, five dozen?"

"I am not sure of that, wasn't it six? No, I think I bought three."

Now how are you going to buy with that state of affairs? If you do not keep a record of what you handle and what you buy, what are you going to do? How are you going to keep a record of it?

I used to go to school—you would never know it by hearing me talk, but I did—and the teacher used to call the roll—(I sometimes went fishing)—to see whether or not I was there. I wonder how many of you people have a roll in connection with your place of business? How many of you know how many people you have there, how many articles, and what kind? If you do not know, you are not practicing modern merchandising methods as you should.

I once saw a cartoon which showed a fellow standing with a big bucket. He was pouring water into a barrel at the top, and down at the bottom the bunghole was open, and the water was running out. The fellow was saying, "It looks as if I will never get the darned thing full." That is the kind of proposition a man is up against if he does not keep track of his leaks and losses. He does not know, and he has nothing to tell him, where the losses occur. That man is trying hard all day. He may be a crackerjack of a salesman and a good buyer, but in this day of short profits, if he does not know what becomes of the small profits that get away, then he is not a modern merchant.

He finds out that he needs some money. "This is the eighth day of the month, and on the twelfth this is due. Now I have to get some money together by the twelfth. I wonder who owes me some money, or where there is some money I can get my hands on?"

So he begins with his record. He puts down the total accounts now due on his books from other people. He says, "Well, here is so much due me; here is $400 on my books tonight." And then he looks over the sales for today, and he says, "I sold $100 more today." And now he has $500 that was on his books. Of that $500 he finds John Smith paid $50 today, and it is only a question of very simple arithmetic to know how much was on his books, and so he feels that night, "Well, I know how much is due there, and I can figure a certain part of that, at least I am safe that I am not owing a great deal more than people owe me. I am acting with some discretion."

So the total now on the books becomes a daily programme with that man. At the beginning of this system, a merchant has the trouble of doing what that man did. He goes through his books and finds out how much is due him. Then he takes a simple little book of some kind; he keeps it in his safe, or puts it some place where it will not be destroyed. Every day he runs his figures on this. He knows what he has to start with, adds that day and subtracts what has been paid that day, and he sees every morning how much money there is on his books. That is not a hard proposition; it is not a difficult proposition; it is not as technical perhaps as it might be.

I said this morning I was not an accountant; I wish there were more than there are. I cannot talk to you perhaps as they would on these things, but I am going to talk about some of the things that I found are practiced, and kept by the fellow who cannot keep books as an expert would. If there are any of you expert bookkeepers here, I am not talking to you about these simple working methods, although you ought to know them. You can use your own way, which may be better. I am talking of results. So you keep track in that way, and if you go down to the banker tomorrow, and he says, "How much have you on your books?" you can answer at once, "I have so much."

"How do you know?"

"I keep a record; here it is."

You are expected to act intelligently with that gentleman. Then you go through that same transaction with the money that you owe. Write down what you owe, and add it all up. If another invoice comes in tomorrow, you owe some more; add that. If you send away some checks tomorrow, and you pay somebody, you do not owe that; deduct it. Simple, isn't it? That is another record you can keep, and if you have not time to keep that, if you have a boy or a girl working in your store who can write and who can put down these figures, tell them to keep that record for you, because you would like to know all about your business and haven't time to take care of it yourself.

Then you keep a record of the money on hand, in the bank, and in the cash drawer. The reason I mention this is because a few people do not know. A few people have perhaps a little trouble in taking that off, and more than a lot of people wait for the bank balance at the end of the month to see how much money they have.

I have heard of bank people making errors. I was in a bank with a friend of mine one time, and he received the wrong amount of change. He started out and said, "The fellow made a mistake."

He walked back to the teller's window and said:

"My friend, didn't you make a mistake?"

"No, we never make mistakes."

So my friend walked away to the front door: "Well," he said, "I suppose I had better go back, the fellow didn't know what he was talking about." He went back and said:

"Are you sure you did not make a mistake when you gave me that money a while ago?"

"No, we do not make mistakes."

"Are you positive of that?"

"Oh, yes," he said.

"All right," said my friend, " a dollar and a half easily earned. You gave me a dollar and a half too much. Thank you."

Most bankers are not that way, but they do make mistakes, and you should know exactly where you are without guessing.

Then the item of daily expense is a pretty big problem with most of the fellows who are doing their own work. Here comes along the boy, and he tells you he has to go down the street and buy fifteen cents' worth of some little supplies in connection with your store. You may get a package in by express which is 35 cents, and these petty items are forgotten at the moment. So you have a great deal of trouble keeping track of that. I know of one store in particular which has adopted this plan from some of the larger stores. This particular merchant set aside a working fund, in this store, $20, and every bit of petty expense of that store was paid out of the working fund. A separate account was kept of the working fund, and the accounts of moneys spent and the cash on hand when checked nightly must total $20. When they do not exactly balance, something has not been put down. Immediate inquiry will generally ascertain the missing item or items. That takes care of the incidentals and won't mix up your bank account, and it helps you keep track of petty expenses. Charge the check to the working fund right out of your bank. After the fund is sufficiently depleted, according to the rapidity with which it is disbursed, give another check to replace it. The idea is to eliminate writing checks for small expenses.

You want to keep a careful record of your expenses. Here is the proposition. This applies particularly to the fellow who is compelled to do his own work. I am not talking to you men here who are experts. I am talking of methods applicable to men who run their own business, who have to keep their own accounts, be their own bookkeeper, do their store arranging, buy, and everything else. I am going to make this little suggestion to you, not a work of art by any means, and not a complete proposition. Probably an accountant, at least a good one, would not tell you it was wonderful. It is a simple system, so simple that any boy or girl who is smart enough to clerk in your store is bright enough to keep correctly with a little bit of information from you. We get a little book, and we rule it off this way, and keep it as a permanent record:

	Insurance	Taxes	Rent	Advertising	Salaries	Per Day
Jan. 8	$1.00	80c	$2.00	$3.00	$8.00	
9						
10						
11						

You are going to start out and put down everything that is to enter into your expense. In order to save a lot of repetition, we shall put down our expenses which remain approximately the same during the longest season. For instance, you have a certain expense which remains the same every day: for instance, your insurance is taken out for a period of a year. That costs you $30 a year. You can work that out. If you want to keep this record by the month, take one-twelfth of that. If you want to bring that down to days, it is simply a matter of mathematics to divide it into days and show what it is per day. All right. Whatever that might be, assuming it is 25 cents a day, you put that 25 cents down daily, right through, until the rate changes, or you take out some new insurance. Your tax is the same kind of a proposition, and can be treated in the same way. You put that down in the second column. Maybe your rent is fixed; maybe you own your building. If you do, don't cheat yourself out of the rent. You would hate someone else to cheat you out of the rent, so don't cheat yourself out of it. Don't say, "I own my own building, therefore I do not pay any rent." If you rented it—if you moved—how much would you get for it? The proper value of anything is what it would sell for. If you own your building, you allow yourself something there for rent. All right. You divide that up by days, if you are keeping your daily record, and put it there.

The next thing, perhaps, is advertising. The next would be salaries. That is not always fixed, because many of us are compelled, Saturdays, for instance, to have extra help, but we have certain fixed salaries. We have a delivery boy; we include him, the janitor, the sales people, and anybody who might work at that place and get a salary. There are two people, in many cases one, sometimes two, who happen to be working there who do not get any salary, and I am going to tell you to include the two. One of those fellows whom I am going to tell you to include is the man who owns the store. He does not pay himself any salary. He says, "I take what is left," and if there is nothing left, he has a poor job. I say a man who runs a business should pay himself a salary for conducting that business or quit. He ought to quit and come and work for me. I can make some money out of him where he is not making any for himself. That man includes salary for himself, and the rate of salary that he fixes should be a rate of salary at which someone else would employ him. What could you sell yourself for?

That is, what are you worth to your own business? If your business cannot stand that, get out, and go to somebody else's business that can.

So you allow yourself a salary for every day, and enter salary for your help and yourself. Then there is the fellow who had a wife who worked for half a day and all day on Saturday, and he didn't pay her any salary, but he paid a girl $4 a week to do the wife's work while she was down helping him for nothing.

"Oh," you say, "She is equally interested with me in the business. If I pay her, it is just the same as taking a quarter ouf of one pocket and putting it in another."

You are making a business pay for everybody who is in there, and I would not have a business thirty minutes that would not pay both for my services and those of my wife.

And then you take delivery, paper and twine, light, maybe telephone, heat—everything that enters into your business expense. Here are a few simple suggestions, which are highly recommended, and suggested as being correct, by the National Association of Credit Men, for the proper figuring of all expenses. Any of you fellows ever hear of those men? If you did not, you may some day. Pretty good fellows to know. Those fellows ought to know what you should know. What do they say:

(1) Charge interest on the net amount of your total investment at the beginning of the business, exclusive of real estate.

(2) Charge rental on real estate or buildings owned by you, and used in your business, at a rate equal to that which you would receive if renting it or leasing it to others. That settles it, doesn't it?

(3) Charge, in addition to what you pay for hired help, an amount equal to what your services would be worth to others. Also treat in the same manner the services of any member of your family employed in the business—and not already on the payroll.

(4) Charge depreciation on goods carried over, for which you may have, to make a lower price, because of changes in style, damage or any other cause. That depreciation, I might say to some of you, particularly the small men who are keeping their own books, you may find a difficult problem Some of these things are harder than they seem. You may find it a little difficult, but the suggestion is all right; the idea is good.

(5) Charge depreciation on fixtures, tools or anything else suffering from much wear and tear.

(6) Charge insurance paid.

(7) Charge all expenses such as taxes, light, water, fuel, etc.

(8) Charge all incidental expenses, such as postage, office supplies, livery expenses of horses and wagons, telegrams, telephones, advertising, canvassing and so on.

(9) Charge up losses of every character.

(10) Charge allowances for bad debts, etc.

(11) Charge your collection expenses.

(12) Charge any expense not enumerated above.

When you have ascertained the sum of all the foregoing items, prove it by your books, and you will have the total expense for the year. Do that

for a week; that isn't long enough. You will find the oftener you do it, the less work it will be. At the end of the week, add your total expense. What are you going to do then? See what the National Credit Men's Association says:

"I like to bank on those fellows." "Divide those figures by the total of your sales, and it will show you the per cent rate it has cost you to do business."

Now we are getting at a working point, aren't we? If you know how much it costs you to handle this business, you are getting into a position to work intelligently. It is a long way round, isn't it, but, my friend, it is a suggestion worth while.

Find out the cost of transacting the business.

I am just going to say one or two words on what you sell for. Half the fellows in the country, half the smaller men particularly, are proceeding to mark their goods this way: They say:

"This article cost me a dollar. It cost me 25 per cent to transact business, or 20 per cent. I want to make 10 per cent for myself, a total of 30 per cent. How will I get 30 per cent on the dollar?"

"$1.30. That is what I sell it for," they say.

"Here is an article that cost you a dollar laid down." Our friend this morning told us everything that enters into the cost of bringing it into the house should be added to the cost of it. "Assuming that article costs 25 per cent to do business, and you want to make 10 per cent for yourself, for how much are you going to sell it?"

One may say, "That is easy; one dollar plus one quarter makes $1.25, and 10 per cent brings it to $1.37."

"That is where your profits went, no use for me to spend any time here. You thought you made it, and you didn't."

"What would you do with it?"

"I would try it in this way. It costs me 25 per cent to do business, and I want to make ten additional profit. I don't know how much the amount of that selling price is going to be, but I know this, that if I had a class of twelve boys and all twelve of them were present, I would have 100 per cent attendance. The selling price is 100 per cent. I want to make 35 per cent. I subtract what I want to make from the 100; that leaves 65. The cost must be 65 per cent of the selling price. I know the cost price is a dollar, and I figure it up in that way, so I get $1.53 and a fraction in place of $1.37. The difference between those two figures is the answer as to where your profits went last summer."

I haven't the time at this stage to go further into the subject, but if any individual here does not yet realize that he should figure only on the selling price, that man has not yet adopted the modern idea of merchandising. The only thing on which you make money in your store is the sale. You can go on working in a store for the next nineteen years, and if you do not sell, you will be getting poorer all the time, so you cannot figure your profits on how much you bought. I have seen a lot of fellows lose their profits on how much they bought, but you cannot make money that way. The only thing

is the money you get. The remuneration of the sales people is figured on a certain percentage of the selling price, and the selling price cost. The percentage of conducting business is based on your selling price. Do we not divide the sales to find it? No business man would attempt to take a percentage of profit on the cost.

Then your tax is based on the percentage of gross sales, isn't it? I might go a little bit further and add for your information, most of you may not know it, that the new Federal Income Tax over in our country is going to keep a man busy, whether he wants to or not. Why? Because we are going to tax him on the profits he gets. We are going to say to the man who does not keep books, and did not make any profits, "Give us some tangible evidence that you made no profits." Bill Smith down in the next town has the same kind of business, and Bill Smith made $2,000 last year. We are not going to ask you to pay something you do not have; we want to know whether you have or whether you have not. We are going to ask you to keep books in an intelligent manner, and our Federal Trade Commission furnishes you with the information which will enable you to correctly compute profits.

No profit is made until the sale is made. Here is another illustration, the best I have seen of this particular problem. You are going to run a box factory in this town. You come down here and say, "I am going to manufacture boxes," so you buy $2 worth of raw lumber. Then you come over to me and say:

"Irwin, I would like to hire you to work this lumber up into a box. I will give you a dollar to make that up."

Then you spend fifty cents for other things to make that into shape, nails, varnish, whatever may be required. Then you hire my friend here to paint it, and pay him 50 cents. All right. That box is finished. There is $2 more you have spent. What are you going to do? I come along tomorrow and say, "I want to buy that box."

"Well," you say, "that box cost $2; I want to make 50 per cent. I will sell that box for $3."

"What, $3?"

"Sure, 50 per cent on the cost."

"Why, that is not what it cost. Here is a fellow who worked on it to get it ready; you have invested in service, invested in different things to prepare it for the use of the customer. There have been additional expenses in connection with getting that ready to sell. You should make a profit on that investment, shouldn't you?"

And then you find out you cannot sell that for $3, because that is a loss, and so you decide in your own mind that you are going to include in that selling proposition everything that enters into it. You are going to figure out your total cost, and then figure out your selling price.

If there is a man here to whom that is not perfectly clear, I sincerely hope this will be of assistance to him. Secretary Curle has a booklet on how to figure profits, and you can have that on application.

There is another thing. The merchant puts his merchandise on the shelf, and he waits to the end of the year to find out whether it is profitable,

THE UNIVERSITY LIBRARY OF MANITOBA

whether it sells, what is profitable and what is not. At the end of the year, he does not know which article makes profit, does he?

I went to a city in the southern part of the State a few months ago, and visited a department store there. Here are some figures, and I leave it to you to say what happened, approximately a $145,000 business. $96,000 of that business out of $145,000 was done by the grocery department in that store. The rest of the business was done by the other departments. In spite of that fact, that store made little money. What is the answer? They ran along for four or five years. Notice, I said "a little money," very little at that. I went down to that city, and I said:

"You ought to know what is paying."

"I cannot do it; it is not a big enough store. We cannot use those big store ideas in our town."

"All right, we will see. I won't divide your store into 96 departments, like a big departmental store. I know that is impossible, absolutely out of the question. You would be all your time keeping books, but there are certain things you can do. You ought to know which of your departments are paying."

"I cannot."

"All right. Let's see if you can or not."

I have only so many people working. One girl sells a cake of soap here, a tooth brush over there, and ten cents' worth of candy over here. That girl has to do that all the time. I haven't enough clerks. I would be bankrupt if I had."

"Here is the proposition. Divide your store this way. Here is 'G'—Groceries. Put everything you want in the grocer department, I don't care what. Every single thing that belongs to the grocery department, you put on a sheet and give it to that girl to put on the desk in front of her, and I will tell you what to do next."

He did so. Next day we put in the "C" department, which was clothing. All he handled was ladies' wear, but we included in that department not only ladies' clothing but millinery, because he didn't have enough millinery to make a single department. We made four departments for that store, and kept track of everything.

"D.G." was dry goods, and that included everything that went into dry goods. He could put shoes in there, if he had a small amount of shoes, of course, but the more departments the better. At the end of eight months we found that the grocery department was carrying every department in the store. That is a remarkable thing, because most of you know the profit that was the actual condition of that store.

The poor little overworked grocery department, which bears the smallest profit, was carrying the whole business. The least profitable was the ladies' ready-to-wear. How many times should it turn over? An average of six times in the season—more in some places and much less in others, but that is an average in this kind of a store. What did it show? They turned two times. What was the matter? Too much money tied up where it was not earning. What was the chance for advancement in the grocery department?

A big one. How? Adding lines. What did we do? Quit buying over here; the danger signal went up—not profitable—with the ready-to-wear. So we take this particular money that was invested in ready-to-wear, which was not profitable, and add some lines to the grocery department, which was profitable; we put the money to work where it would make money. What can you do? You can go home tomorrow to your store and say there are three departments, if you want to, and you can itemize every single thing you have in that store under those. You can have people working in that store who do not know in which one of those departments things are included, but you insist that when they sell five cents' worth in that store, they write down what it is. That takes but a minute. You can make them itemize everything they sell and write it down. Tomorrow morning the girl who is keeping the slips begins to charge groceries from this sheet, and she charges each thing to its proper department, and each department is charged with the thing that went out. Then what do you do? You divide the expense. You proportion as near as you can the selling space, the space according to location and everything else, and you have before you the figures which tell you what is paying and what is not. This is modern merchandising. You are going to cast out the thing that is not paying and try to put your money in the one which is.

Some fellow interrupts me by saying, "You figure on the selling price and you ought to sell at $1.55, and the other fellow in town is selling for $1.45. What are you going to do?"

"I am going to meet the competition, if I am very much of a merchant, and that is what all the rest of you have to do in many cases. You do that; and when you get a novelty which nobody else has, you take a longer profit. If you are a good business man, you make the fellow who buys the luxuries pay.

You are going to keep your record to find out what it cost; you are going to find out what the clerks sold; you are going to keep a record of the purchases, and a record of the cash and credit sales, what you paid for purchases and what you receive for goods sold. Each day, with this record before you, you are going to start out to do things; you are going to find out what it costs to run your store, what merchandise is on the job, and what merchandise is standing still. In the morning when you get down to business, you are going to have a record before you which will show you that it costs so much to do business, that this clerk is worth so much and that one is worth so much. You will then be able to say: "I made so much on this line; this one is moving rapidly, and this one is not; I am going to reduce my investment in the thing which is not profitable, and put in the thing which is."

When you do that, you are going to be a competitor for some of the big fellows you are afraid of now, because you are going to know just as intelligently about your smaller business as the other fellows do about the big business.

And so I conclude with the suggestion that you fellows take up that proposition. If you wish more information, ask Mr. Curle to obtain for you the booklet on figuring profits, or tell you where you can obtain that information. But don't ask me this: "What is the use?" Ask your credit man. Get the information from the men in this country who are successful merchand-

ings; look at the experience of other fellows and profit by it, and be a modern merchant tomorrow morning. As you go out from this course, say, "It makes no difference what the other fellow is doing. If it does require a little bit of work, I am going to know all about my business and be a modern merchant." Next year some of you will come back and say, "I found out something. I thought I was making money, and I was not." You are going to be more successful.

My friends, I am going to give way—it is a good thing to give way to a man who is both a better man and a bigger man than you are.

THE ART OF SELLING—TRAINING SALESPEOPLE

BY O. PRYOR IRWIN

To get up again this afternoon reminds me of a story of a certain great famine in the land. The people were suffering a great deal from the lack of food. They had exerted all the efforts possible in order to secure a sufficient amount. Finally, as a last resort, they said:

"There is but one thing we can do. We have to call a meeting and make an appeal to the Maker, the fellow who provides the food, and see if he cannot help us out."

All gathered at a certain brother's home and elected a brother spokesman to call upon the Creator for some of the things they would like to have. He said:

"Oh Lord, Thou knowest we are in great want, just as bad as we can be. There are a lot of things we do not have." He said, "I am not going to attempt to say to you just what we ought to have, but, oh, Lord, you might send us a barrel of flour." With one response, the entire gathering said, "Amen."

"Oh, Lord, you might send us a side of bacon," and with one accord they agreed with him. And then he said, "You might send us a piece of ham," and they all said "Amen."

"Oh, Lord, you might send us a barrel of pepper." He listened but didn't hear very many Amens. And then he said, "Oh, Lord, that is too much pepper."

After appearing on the programme so many times in one day, I feel that someone might be saying, "Oh, Lord, that is too much for one day." But in spite of that fact, I am going to ask you for a moment or two to direct your attention to what I consider one of the most important subjects connected with the merchandising proposition. I shall broaden my statement sufficiently to say that that particular statement applies to you, Mr. Manufacturer, and you, Mr. Jobber, and to the individual salesman as well as to the retail merchant. The particular subject I am going to discuss is selling.

Those of you who have been present during our preceding sessions will know that we attempted this morning to look somewhat into the history of the progress of merchandising up to the present time. We endeavored to discover some of the reasons of success for other organizations. Then we thought for a moment of how we may locate our business that it might render the greatest service to the people of the community, so that it might be most prosperous to us. Immediately on concluding that, one of our friends gave us a splendid address upon newspaper advertising (one form of letting people know we had located the store), a vastly important part of every programme. This particular programme was discussed at that time from the viewpoint of discussing almost entirely the use of the local newspaper, which is in most cases the very best source of advertising for the local dealer. This afternoon we opened our session by having a splendid discussion on that personal touch, the personal letter that comes in to build up business. We have announced to the fellows who read the papers in the vicinity that we are now located ready to transact business. Now there is a fellow who is removed

from our store, so we are going to be compelled to write him a letter and formally state, "Dear Bill, I have something down here you want," and tell him why he wants it. A while ago we heard how we should keep the records to know what we are doing. I am going to continue that particular programme by saying to you that you have located your store, have built a modern building, and you have purchased the best merchandise that your capital can buy and your knowledge of merchandise will allow you to purchase. You have bought some of those splendid facilities that we call store equipment or fixtures for helping to display your merchandise; you have advertised according to the way best suited to your business. There still remains before your business one great problem, and that problem is to start to sell the things which you have in your store. Your wonderful store does not mean anything if you do not have any sales. It may mean a liability, it may mean that you are sorry you have all the money invested in that modern building if you are not making any sales. Your display may be splendid so far as attracting people into that store is concerned; which reminds me of a very apt illustration:

When I was, only three weeks ago, in one of the small towns in a state adjoining yours, I responded to an advertisement written by a splendid advertising man, telling me that on this certain occasion they were having a sale of shirts of a well-known brand, with which I was acquainted and which I favored. In response to that advertisement, I went walking into that store, not a difficult customer to serve, as most of you will agree. I carried in my pocket the money to purchase those shirts—came in response to that splendid advertisement—and all that organization had to do was to let me have the shirts. I walked into that store and approached the salesman who was employed to represent that concern. To me, he was the concern itself. This was approximately the conversation, perhaps not the exact words:

"Good morning, sir. Do you want something?"

I felt like saying, "No, I thought this was a summer resort." Did I want something? What are stores built for? What do people go into stores for? I was very anxious to get these shirts, because they were advertised at a remarkably low price, so I was a persistent kind of a customer. I said:

"Yes, I would like to have some of a certain brand of shirts that I saw advertised."

"What kind of a shirt was that you wanted?"

"One advertised last night."

"Wait a minute," he said, and called to someone. "Say, Bill, did we have some shirts advertised?"

"Sure."

"What kind were they?"

"So and so."

"Where are they?"

"I think they are over there just to your right."

The fellow came back and looked over just to the right and said, "No, they are not here."

"Well, if they are not there, they are on the other side. I know we had some of them."

I thought this must be a wonderful staff in this establishment when the people who were selling did not know where to find the merchandise they were advertising.

I say the advertisement was 100 per cent. efficiency in that case, and because the salesman didn't know how to complete the transaction, there was a lost expenditure, not the fault of the advertisement whatever.

I say there is nothing more important to you in your organization, if you are dealing with selling merchandise, than the salesmanship itself. If the sales are not made, if the merchandise does not move, if you do not turn over with sufficient rapidity to make money for yourselves, then, my friends, your store is not going to prosper. You may be the wisest buyer in this entire province; you may be buying the most splendid merchandise possible to purchase on the American continent or abroad. If you put it down on your shelves in your store, if you just let it be (as we term in merchandise circles) "a good keeper," you will never get wealthy. You have to sell it to make money. So you are primarily concerned not only with the entire programme of selling, but it is you duty, as a selling organization, to turn for a moment to the thoughts of what is good selling and how you may make each individual in your institution a good salesman or a good saleswoman. And why not? Doesn't the prosperity of your organization, or your selling concern, rest entirely with the individual who sells? Some of you may have heard of the late Thomas Dockrel, who tells the story of a wonderful merchant who had gone from a small store to a larger store, and from a larger store to one of those mammoth departmental stores—growing prosperous and apparently having a splendid business. He became a great merchant because he knew what he was doing. One day there came to him this fact: "This glove department over here in this particular store is not paying. It is a losing proposition." Being a good merchant, he started out to do something to change that condition of affairs, and (let me add right here) that the merchant who finds out what is paying and what is not, and starts out to do something, usually winds up a successful merchant. So this particular merchant started out. Acting on the first thought that occurred to him, he discharged his buyer, because, he said, "The merchandise must be wrong." He disposed, so far as he could, of the merchandise on hand. He went to a distant city and employed a new buyer at a very much advanced salary. He sent this buyer abroad with instructions to search the markets and to come back with a stock that none could compete with in that city. The buyer went abroad to study the glove markets. He went into France, and he came out with what he thought was a wonderfully interesting collection of merchandise; he came back to the city enthused with his purchases. He passed the enthusiasm on to the proprietor of the store himself, and the proprietor under the enthusiasm of the moment purchased some splendid new fixtures to make this department an attractive one. He then called the advertising man, and said to him:

"We have here a wonderful collection of gloves. Every woman within the range of our institution should know of these goods; they probably have been disappointed with some of our others, and they should share in our good fortune in obtaining this line."

So they spent large sums of money to advertise that store and that glove. Then, as Mr. Dockrel says, the time arrived to begin a sale of the merchandise. On the morning of the opening of this particular day's business, the proprietor of the store stood on a balcony overlooking this particular department. He saw a customer come in at the front door, walk down the aisle, and cross over another aisle and directly head for the glove department. She walked up to the glove department and said:

"I saw your advertisement about gloves. I would like to see some."

The young woman who waited upon her said, "Yes, madam, those are a dollar, those a dollar and a half, those two dollars." She laid them down in front of the customer, and the customer said:

"My, those are not the same gloves I used to buy; haven't you any of those?"

"No, we do not carry those any more."

"Why did you change the line? I found them very satisfactory. I do not know anything about these gloves."

"I don't know; the boss said he was not going to carry those any more."

"Well, aren't these gloves rather expensive, comparatively speaking?"

"Well, I have often thought so myself, about some of them."

"What is the advantage of these particular gloves which cost a dollar or two more than the gloves I have been getting?"

"I do not know; it does look a lot of money."

"I am not very familiar with these; I think I will look around at the other departments. I thank you very much for showing them to me. Good afternoon."

No sale. The proprietor stood on the balcony and watched. Then he went back to some of the directors of that institution and said: "We have been looking at the wrong end, incurred great expense and sent people abroad, and when they come back it all depended on '$8 Annie' "—as he called her—"and '$8 Annie' fell down. We started at the wrong end, we are going to make Annie a representative of this concern, and maybe we will sell the merchandise and some of this other expense won't be so necessary."

And so, my friends, all over the country we are trying to study salesmanship. I like to call it "retail selling." But whatever we may call it, it is certainly something we need in our institutions, that of making the individual something more than a vending machine. The man who goes to work without some programme on merchandising, the man who doesn't know how to get the turnover on merchandise or how to create demand for the merchandise, is going to fall behind, and he is going to be the fellow who will say, "Good-bye, retail merchandising, the chain stores have ruined us; the mail order houses have taken our business; there is nothing to do but to fold our tents and silently steal away." He is going to be the fellow who is going to give up. But the man who realises selling is a large programme, who thinks not how many people he is going to wait upon to-day or how many are coming, but how he is going to enlarge the demand for the product, that individual is going to prosper in this programme of salesmanship.

In our state for about seven years we have been striking very hard at this particular problem of retail selling. We went into certain communities and called merchants together, particularly the small, because the large ones had been using this and it had made them large. We said, "That is all salesmanship." One fellow said, "That is all 'bunk.' If I have it at the right price, that is all that is necessary." Other fellows said, "Some people are born with talents that way, and they are good salesmen, and others you cannot help."

We convinced them that there are things about salesmanship that are decidedly of importance. If any of you are interested in investigating the business conditions of our state for the past four or five years you will find that conditions have improved as a result of attention to these things.

This thing we call salesmanship may be analyzed. Some people call it one thing and some another. It makes no difference what its pet name is, so long as we get an idea how to use it. The definition I like best is one coined by the California Fruit Canneries' Association. They say:

"Salesmanship is the power of persuading plenty of people"—(the more patronage, the more profit)—"to pleasurably purchase"—(good-bye defrauding methods)—"pleasurably purchase." (Haven't you traded in institutions where it was a pleasure for you to trade, where the proprietor took an interest in you and the employees were courteous and kind? They were intelligent, were able to give you the desired information, they took an interest in giving you the largest value possible for the money expended. They said to you, "If there is anything wrong about this, so far as we are concerned, we will make it right." You went out of that institution feeling that you were glad you had entered it.) "To pleasurably purchase at a profit." I am in the retail business myself, and I stand here looking all of you people in the eyes, and say I am not ashamed to tell you that I make a fair profit on the goods I sell, or else I am going to quit the business. I am not running on philanthropic principles, I am not working for excess profits, but at the same time, if you cannot make sufficient profits to get a living out of it, then you should take another job, if you can get one. I am not talking of excessive profits. I condemn the man who gets too much.

Salesmanship is persuading people. When you and I distinguish between a girl standing before a customer and saying, "That article is a dollar," and being able to point out why the customer should possess the article, we will have real salesmanship. It is creating a demand for the merchandise. A few years ago we began a study of this, and we found many persons, both executives and sales persons, who felt there was nothing sure. It was "too technical, all over their heads, and therefore would not do in a small store." We found many courses were technical. All of them were good in certain senses, but many of them were over the head of the average employee of the retail store. We found there were four certain points brought forth in the average selling course, regardless of whose they were, that were vastly important, provided we could bring them down to a practical use by the average retailer who had not had time to study this particular problem. We found the same four selling points in all the selling courses, viz., attracting attention, arousing interest, creating desire, and closing the sale. At this particular time, when we were making some investigation to see how to do it—by the way, this particular group was in one of your Canadian cities in Ontario—I had a group of some girls who were beginning to sell in a store. I said to this group of girls:

"Girls, what did I say was the first point in selling?"

They said, "Attracting attention," and one little girl said, "I do not know what it means." That is what we found. To take these terms and go out and say this is "the thing," without telling them how to use it, was not worth anything. We were trying at that time to train some of our own employees to make them valuable. I said to myself, "I am going to go out to do some shopping, and if I can see this particular problem from the customer's viewpoint, then I ought to be able to be a pretty good judge of what is required." So I started out one morning. I was at that time in the city of New York. I had occasion to go to New England. I arrived about 6 p.m. Walking down the street, a stranger, not having any choice of institutions, but finding myself, like travelling men some-

times are, in need of a collar, I decided to step in the first attractive looking place and buy some collars. That was several years ago, and collars were not very expensive. On one corner was a splendid men's furnishing store, and I stopped and looked at a splendid window showing much plate glass—clean, and a good display of merchandise. Everything, so far as I could see, was attractive. I decided this was my chance, so I opened the door and went into this establishment. I walked about ten feet inside the front door, and then stopped and looked around. I saw no one; walked a little farther, stopped again; looked, and away ahead of me down into the store, I saw someone sitting on a box reading a newspaper, and then, helpless-like (you know how you feel when you are a stranger and like to receive attention and don't like to interrupt), I said, "Ahem." A fellow looked up, laid down his newspaper, raised himself off the box and came walking toward me, and said, "Do you want something?"

"Oh, no." If I had a desire when I came in, I had lost it. "I came in here to look at the paintings, I thought this was a summer resort," I felt like saying.

Why do people go into stores? Because they want something, don't you think? A decidedly foolish question. "Do you want something?" in a retail store.

"Well," I thought, "to my mind there is one practicable thing, and that is the attitude of the individual who receives me in a store. The kind of reception I receive in the store is vastly important." I wrote down "Attitude."

From that time on this fellow was a pretty fair salesman. He inquired what I wanted; I informed him. He looked at the kind of collar I was wearing, he saw what I wanted, brought it out.

I said, "What is the price of that?"

"Fifteen cents."

"Two for a quarter?"

"Yes."

He sold me one; I sold myself one. He knew his stock, was kind and courteous, and I have no criticism on that account.

There was a "T" stand at the end of the counter with neckties. I stopped and inspected them and handled them. He saw me handling them and said, "You don't want a necktie, do you?"

I looked at him; he weighed 180 pounds, I 125. I didn't think it right to dispute his word. I said, "No."

He thanked me for my purchase like every good salesman should do. When I was going out, he said, "Nothing else?" I was afraid to go back. I said, "No, nothing else." I wrote down in my book—this is something practicable—"Let your attitude be one of being watchful and alert to be of service to the individual that comes in."

Let us discontinue any work that may interfere with the service in the store. An employee of an institution must be taught that, regardless of what else they may know about merchandise.

I continued my investigations. The next day I was down at the city. A friend of mine in the office said, "Say, are you going over to a certain store?"

"Yes."

"Will you buy me a book?" He handed me a dollar and a quarter. "Please bring that book."

Most of you who have had any experience in selling will agree I was not a difficult customer to wait upon. In the first place, I had positive instructions

what to buy. I had no choice. In the second place, I had the other fellow's money to spend, not a difficult thing to do, you will agree, not a difficult customer to wait upon.

I went into a large store. Three young ladies employed in that department—representatives of that store, understand—were standing there in a group talking. You may know how I felt. I approached at a respectful distance. It is rather embarrassing to disturb gatherings of that kind, so I stood at a respectful distance a few moments. They still talked, and I thought there must be something very interesting here when the fellow who supports the store gets no attention. So I went a little nearer. This was approximately the conversation, not necessarily the exact words:

"You should have been at the movie last night. I saw the finest show of the season; we looked for you, but didn't see you."

About that time, the curtain went up, and the show was on. I stood there at a respectful distance and heard the whole show rehearsed. It is rather ungrateful to mention it, for I understand people paid fifty cents to see that show, but I paid nothing.

When the show was over, I thought I would get my book. I said, "I beg pardon, I would like to get one of those books on the table."

I guess they didn't like my looks. One looked at the other and said, "You wait on him."

I wrote down one more, "There is nothing more important than the first impression you receive of that institution." If you are running a wholesale establishment you will find out what kind of impression your customer receives when he comes in, and it is just as applicable for the fellow who is running a store himself.

The second step is arousing interest in the commodities we sell. We began investigation in our own store to see how people succeeded in arousing interest. One morning I stood in our store, one in which persons were selling articles all over the store. A woman walked up to a department and said to one of our girls, "Do you handle ladies' handbags?"

The girl said, "Yes."

"I would like to see some."

"All right. This one is a dollar, this one a dollar and a half," looking as though the woman were going to sell herself a handbag.

I stood and watched the transaction. The woman received absolutely no information regarding those handbags. I said to myself, "We have a vending machine here; you can put up a box and put a penny in and get the thing you came for, without any information, and we are all wrong."

As an experiment, I took that same young lady to the man in the institution who was responsible for the purchases of that particular line of wares. I said to that man, "You are never going to sell these wares so long as you put people out there who do not know how to sell things. Until you put a person out there who can talk intelligently, you won't have the sales speed up in that department."

"How do it?"

"This way; go into the office, tell the girl everything you know about handbags, and don't tell it in technical terms. Don't tell her how many revolutions the machine makes in making it—she does not care. Tell her what it will do for the customer, so that she will be able to talk intelligently, that because it is made

of this kind of leather, it is going to give her certain service—(from the fastenings you may expect certain service)—that it is an advantage because it has a particular kind of lining. Give her all the information she ought to have, and send her back and tell her to keep it secret."

I wanted to make an experiment and kept track of that girl's sales and the other girls' sales, and she sold 40 per cent. more than the others. Pretty soon customers began to ask that girl questions because they found she could talk intelligently about the merchandise.

We began having meetings in the store and getting the people together. The man who bought the shoes told them all the necessary things people ought to know (not the technical terms), but just what it would do for the customer—what they might expect in the way of service—just why this particular construction was a little bit better than others. We didn't ask them to know the technicalities at all, because the average customer is not interested in them, but we asked them to study what was of interest to the customer. Instead of pointing at this chair—if we were selling chairs—and saying, "That is a good chair" (you have all heard that remark), we taught them to say, "That is a good chair because it is made of oak." Instead of saying, "That is a nice shoe," we taught them to point out what it was that made it nice. Instead of saying, "That is going to wear a long time," we taught them to say, "You will get a lot of service out of that because it is made out of a certain kind of leather, in a certain way." We found out there was no kind of merchandise that did not have some talking points.

The third step that I suggested was to create a desire for the commodity. I want to say to you that there is an art in selling. You can create a desire for your commodity, and if you realize it, to that extent will your sales increase. I might attach a vending box machine on the wall, drop a penny in the box, press a button, and obtain some article out of it without saying anything. That is not creating a demand; that is not selling. The individual who thinks how to create a demand for the commodity, who thinks always, "How can I make larger sales, how can I sell more, how can I sell this article that is not moving, how may I educate people to the use of new products that come into my store,"—there, my friends, are the large ideas back of all the salesmanship in the world. Show me a salesman in any line who has not yet realized that a salesman should be an educator, and I will show you one who has not yet reached the success he ought to have. It is the duty of a salesman to his community, to say nothing of his duty to himself, to keep his people in touch with the progress of the age by suggesting the new things, by stocking his store with things that will render service and then telling people how these things will serve them. Only by being an educator is he rendering the service he should render to justify his existence, that of serving the people of his community by becoming an expert buyer for the people of his community. It means the difference between the principles of going to work in a store and saying, "Well, not many people came down this morning. Business was 'rotten.'" Or on the other hand of saying, "Well, it is too bad, we had a bad day to-day, and the boss did not do much, and the overhead expenses are going on all the time, and so to-morrow I must try to see if I cannot think of some plan to enlarge the business, to make up for this dull day."

When the new products come in, he does not put them on the shelf, but he begins to think how customers can use them.

"How can I display them so the customers will be interested?" "What can I say to the people that will interest them?"

I was in a Western city in Wisconsin last March. As most of you know, in connection with our Extension work in the Commerce department, we travel all over the state and meet the merchants in their own stores in their own towns. We had a body of forty-two men and women who came to study business. Among them was a young man who had received a little money and embarked in a grocery store to make a living—that is, existing—scarcely living. The young man was interested in these problems, and came to the sessions earnestly week after week, endeavoring to acquire some of the ideas we were trying to leave with him. A week later I went to the city. In the afternoon I walked into the local newspaper office to discuss some matters with the editor, because I was studying some of the conditions in that community with which he was familiar. While I was there, this young fellow came in with a sheet of paper in his hand. He said to me, "Say, Irwin, are you studying advertising?"

I said, "Yes, I am trying to find out all I can."

He said, "I am going to put this little advertisement in the paper to-morrow. It costs some money to advertise. I would like to know what you think of it."

I looked at it and smiled.

"You want me to look at it, do you want me to tell you it is fine?"

I am one of the people who is serving the public, and I have found out it is not wise always to say what you think. I told him I would look over it with the understanding that I would tell him what I thought of it.

"First," I said to him, "I am not an authority on anything in the world; secondly, you are under no obligation to use any idea I suggest; third, I will be just as much your friend if you tear this up and say it is absolutely no good. With that kind of understanding I will give you my opinion of the advertisement."

"All right."

The advertisement read: "John Smith, Grocer, 17 Main Street. Oranges, 35 cents a dozen. Give us a call. We appreciate your patronage."

He said, "What do you think about it?"

I hesitated a moment, for he was a pretty good fellow. "I would hate to tell you. I will write my idea on the other side of the sheet and you can do what you like with it; tear it up if you like."

"Go ahead."

I started out like this:

"Seven a.m. Just came downstairs. Have no appetite, and it is a blue morning."

The man looked at me and thought I was insane.

"Seven-thirty. I am feeling better now." And now he thought I was insane, judging from the way he looked.

Then I went on: "Just went into the dining room; had no appetite; wife had one of those big Florida oranges cut in half. Found it was not such a bad morning after all."

"Go on."

I went on. "You, Mrs. Housewife, do you desire to give your husband one of those delightful surprises? We have received another shipment of these juicy, splendid oranges. If ordering, include a few. They are reasonable in price, tempting to your entire family."

I said, "Will you run that?" It occupied exactly the same amount of space as the one he had written.

Next week I met him at his front door, and he called me in.

"Well," he said, "I will give it to you."

"You don't need to give me anything. What is the trouble?"

"More oranges went out this week than any time in the history of the store."

"I am glad to hear it. Did you run the advertisement?"

"Yes. How do you do it?" (I am using his own words.)

"You don't owe me anything. Any man who is selling that does not know the difference between saying, 'If you must have a thing you can come down to my store and get it,' and the man who says, 'I am going to try and create a demand for my product,' that man has no place in business." There, my friends, is the secret of the failure of a large percentage of business men.

What do the mercantile people tell us is the chief cause of failures? Failure to move the merchandise. There is just as much difference between selling and creating a demand as between daylight and dark. The more demand, the more prosperous. Every employee in your institution should study how to make a demand for your commodity.

If you receive some bird cages, and you know some woman over here has a bird and maybe her old cage is battered, your people ought to know enough to direct her attention to those bird cages. If I am a customer in your grocery store and you people know I am fond of salt fish, your salesmen have not much tact if you receive some of that salt fish and do not let me know. Create a desire.

The fourth step is closing the sale. I said this morning that I thought a satisfied customer was the best asset of any business. I would rather be engaged in building business and have one customer go out to-day an advertisement for my store than to have fourteen to buy and go out advertising the wrong way. Just the same, there are some things about closing a sale which each individual ought to know. I will give you an illustration. In your own Canada, over in Ontario, this happened.

One morning I went into one of the small cities. Some of you would recognize it if I were to mention it. I was engaged there for two weeks with the proprietor of a store in that city. He had a force that needed attention. I spent two weeks there in education work. He and I were standing in the men's furnishings department one morning early in the spring. A fellow rode up in front in an automobile, walked in and said, "I want a straw hat."

A young man came up to give him a hat—a splendid looking young man, courteous and kind. He showed him a number. I heard the man say, "I think this is about my kind. How much is this?"

"$3.50."

"That is pretty good; that is about my kind. Certain size?"

"Yes."

He put it on, went over and looked in the mirror.

The clerk said, "Here are some more you have not yet seen. This one is only $3, this one $2.50, and this one $2."

The customer was a courteous one and liked to oblige the salesman. He tried them on and went back to the original and said, "I think I like this one better than any of them."

The proprietor looked at me and said, "Do you think he is going to let him have it?"

I didn't know, for just then he went to another table. Eventually the young man got his hat, and saying, "Don't wrap it up, I will take it," jumped into his car.

Then dress goods. A woman looked at brown. "That's just my shade," she said. "That is just lovely, just what I have been looking for. Any trimming with that?"

"Oh, yes. This and this."

"How much does it take?"

"Only seven yards."

"That is quite economical," she said; "seven yards is not so much. Really, that is what I have been looking for all the time. Just the thing."

Just then the inexperienced salesman comes up and says, "Here are a couple of other pieces I almost overlooked."

The woman was satisfied, you know, but she looked at the others and said, "Just give me a sample. They are all so nice I do not know which to buy," and goes out and buys from some other salesman. We did not close the sale there. Do not confuse customers.

We found it was necessary to get a more rapid turnover and to sell some other goods, so we made six steps out of the salesmanship course instead of four.

The next one we suggested was this. We went into one store and studied the grocery department. Two men were working together. Both of them came at the same time in the morning, both went home at the same time at night; both were honest, capable hard workers. One of them in a given time sold $300 worth and the other $450 or $500, apparently with no more effort. We began to ask the reason. Did one of them walk as rapidly as the other? It was not that. It was not speed. We found out in this particular department. A housewife came in, saying, "I need some more groceries; I wish I could think of something new."

The grocery man is a sympathetic fellow, and said, "You women do have a hard time," but he never tells her about anything he has there. He is not increasing business; he keeps the goods on the shelf, does not start them moving. But the fellow that made the sales said, "Yes, that is true. You know we have this and that particular thing, very popular." And so it helps in your case by being able to intelligently suggest to the customer that which will supply their needs without very much effort.

If a girl works in a dry goods department and a customer comes in to buy some shoe strings and the girl says, "Here are a nice lot of colors that came in last night," interest is at once aroused. Tell store news.

We found that there is such a thing as being too insistent. We actually discharged one individual in our store who said, "I want to sell you so-and-so," and "Let me sell you something else," and so on, until we became disgusted and the customer became disgusted. We said, "The first salesman that becomes insistent is going to lose his job, but we want you to tell store news."

Here is the plan of a large store at Cohaven. They used a card which was ruled like this:

SALES BY SUGGESTION

Week Ending.....

	Cash	Credit
	AMOUNT	AMOUNT
MON		
TUES		
WED		
THURS		
FRI		
SAT		

Dept..... No.....

Motto: "I'll tell customers all about the new things and thus serve them."

I worked in a little town (Newhaven) after that. I gave that card to every employee, and said, "Don't be too insistent; if you want to make sales, create a demand for something else in your department." I asked the accounting department to keep track of those cards. A sale by suggestion is something created. If I come into your store and say I would like to have two shoe buttons, you cannot say that is a sale, but if while I am in, you direct my attention to shoe polish, and I purchase, that is a sale. The accounting department found an increase of $72 per day without any increase in the overhead. I went to a small town three years ago, and I mentioned that and a fellow said to me, "That's big store stuff. That crazy fellow again." I said, "I know I am crazy, but I am going to tell you the reason of the success of all big stores."

I went into a store employing approximately fifteen people, three of whom were not selling. I pointed out the power of suggestion in salesmanship. I said to the boys, "That is the way to get more salaries and sell more. Tell store news." I have in my possession a letter from the manager of that store stating that they made $275 a week additional sales, without any extra expense. Twenty miles from that place was another store working five people, including the manager himself, two boys and two girls, and he said, "That is all big store stuff, you cannot do it."

"All right, we will try. I get my money just the same. I am paid by the state to help you fellows." I said to his employees, "I am going to show you how to sell more, and when you ask the boss for a raise next month you can look him in the eyes." The employees were interested when I talked about earning more money. They had something at stake now, so they were inter-

ested. I have a letter from this city which states that institution a short time ago showed the first month $200 increase—as high as $800 increase in that store's business. An individual asked me how that profits the individual beside the store. I have a letter from one of the boys in which he tells me he is making approximately $24 additional sales by finding out there was such a thing as telling store news. One little girl, who supported her mother, worked in a store for five dollars and a half a week. This is where we serve the people. We took that little girl who had been denied the privilege of an education. She was willing to help the store but didn't know how. I had a personal talk with that little girl and showed her how to advertise. She was most attractive. She happened to be working in a shoe store. The manager of that store was a fair fellow who liked to pay a certain salary. He asked as to the selling expenses for shoes. I figured out. He said this girl was costing too much. I said, "No, she is a 'live one.'" Two weeks later she had increased her sales approximately $70, and reduced selling expenses approximately 4 per cent., and I said to the manager, "You ought to be ashamed of yourself; you ought to divide it with that girl."

He said, "I am fair, I will pay what is fair and right."

The first week he said, "You tell the girl about it."

I put fifty cents in that girl's envelope, and said to her, "The proprietor said you earned fifty cents more this week. He is glad for you to have it and would like you to have some more. If you go on, he is going to show you he is willing to be fair. There are certain fixed expenses you must make; beyond that, he is willing to be fair to you."

Next week I had the pleasure of giving that girl eight cents and the next week a dollar, and the next week she said to me, "Would you mind asking the proprietor of the store if he would save that for me for Christmas, because that extra money is about all I have for Christmas. If I take it home, there is the temptation to spend it. Ask him to keep it for me and I will have a little money for Christmas." She thought it was the greatest thing she ever heard of.

I could go on and show you sales of as much as $1100 in seven weeks in an institution with twenty-five people working, out in a lumber camp where they didn't even have show windows, never spent a penny advertising, and half the customers were foreigners working in the lumber yards.

The modern business methods of selling include salesmanship. The power of suggestion is just as important to a man who lives in a town where there are 900 people and he is the only one—as it is to a man in Winnipeg who has one thousand employees.

The last step is retaining the goodwill of the customer. You fellows who live in the small towns do not have the people passing every day like the city merchant. You are compelled to build your business. Each transaction should be a satisfactory one, so that every customer comes back again and again, and they go out an advertisement for your business. The personal element—the confidence of your patrons, the satisfied customers—is the best asset. Train your employees, my friends. If you have only one, take time to explain these principles. If necessary, shut down your institution for an hour and tell your clerks (one clerk if he is the only one) how he can talk intelligently about goods he sells—whether it be windmills or powder puffs. Say to him, "You study how

to show these goods more attractively, how to display so that people will be interested when they come in, and try these little experimental suggestions." And say, "If you make sales, you will help yourself and help the store." It is nothing more than making your salespeople the representatives of your institution.

Don't overlook, because you are a small man, the problem of selling. The problem of selling is just as much to you if you have one employee as it is to the big organization with two thousand, be you wholesaler, proprietor, or executive. You, yourself, may make things possible by educating, so that your entire staff may help you carry the burdens and help your turnover by knowing the principles of salesmanship.

CO-OPERATION AMONG RETAILERS—VALUE TO YOUR TOWN AND TO YOURSELF

BY G. PRYOR IRWIN

My friends, I sincerely hope the address my colleague has just given you has left an impression upon you; I mean the kind of impression that lasts.

When I was a little smaller than I am now, and decidedly younger, I was in the State of Texas at school. Like most small boys in school, I took very much delight in trying, if you will excuse the expression, to "stand in" with the big boys, and so I was very anxious to follow their desires and show I was a good fellow. It was decided that on Friday afternoon we were going to have recitations and ask the fond parents of the scholars to come in. The Friday afternoon arrived, and the teacher instructed a certain number of us to recite. The big boys said, "We are not going to recite, that is for kids." I wanted to be a big boy, so I said, "I am not going to recite either."

That week a conference of the officials of the institution was called and they told us, "You fellows are going to recite or something is going to happen to you." We decided the best thing to do was to recite. The big boys said to me, "If you will recite the piece that we write for you, you will be one of the gang forever."

That was my idea of getting to be a man (co-operating with the big boys), so I said, "All right. I am game."

By way of explanation, I might state that we had a female teacher who was of uncertain age, not very beautiful, and decidedly unpopular. These boys composed a little rhyme about her. At recess and after school they coached me to recite it perfectly. Friday afternoon came, the room was crowded with the fond parents who were going to see their children perform. They called upon a little girl, and she recited "Mary had a little lamb." Then they called upon your humble servant. I looked at that audience and I felt pretty sorry that I had undertaken that kind of a trick. In front of me, as you gentlemen are to-day, were the faces of the big boys. In imagination I thought they were saying to me, "I dare you." So I went upon the platform and started to recite. The words are not very beautiful, but I think you will get the significance of them. I said, "O Lord in heaven look down in mercy upon us poor sinners here below; they hired a fool to teach our school, and paid her only fifty dollars."

Well, it is needless to say the session was broken up immediately. Recess came in about a minute. The teacher said, "Sit down," and I sat down. They did not have any more recitations that afternoon, because the fond parents could not recover.

About twenty minutes afterward the school was dismissed. I was sitting there and the teacher said, "Will you please remain?" I remained, and she said: "Some of these days when you get older and wiser you may want to tell

this incident to some of your friends. I am very much afraid that you are not going to remember it. Now, I am going to do you a great service. I am going to so impress that upon your mind that you will never forget it."

All around the room was the blackboard. She said, "You must remain here every afternoon, instead of going home at three with the rest of the boys, until you have written out this one hundred times. If you are not then in a position to repeat it without hesitation, I will let you write it another hundred."

Well, I visited with that teacher for many afternoons, and she made an impression upon me, too. You heard how well I recited it to-day.

If there is anything I would like for you to carry away from this session it is the impression that my friend has tried to leave with you. I hope that fifteen or twenty years hence you will still be able to carry a distinct impression of the things he said to you this morning about your own welfare and the welfare of your community.

Your welfare and the welfare of your community are closely united. You, as retailers, cannot draw the line and say, "This is our position and this is the position of the community."

Over in New York State, as most of you know, we have a splendid merchandising establishment called Lord & Taylor. There is also an Episcopal minister whose name is Taylor. Mr. Taylor has a little daughter. One Saturday morning Mr. Taylor was in his study preparing his sermon for the next day, and little Mary came in. Finally Mr. Taylor called little Mary, sat down and took her on his knee and said. "Mary, father loves you. He loves to have you with him, but, Mary, father is in business with the Lord, and has to spend this morning attending to the Lord's business. Now you run off and play, and when father gets through with the Lord's business, he will come out and play with you."

Mary was small, but Mary had an active mind. Mr. Taylor went out of the study an hour later. On the outside of the study door he could see something white. He thought, "That is funny, something stuck on my door."

Little Mary has grasped the idea, "in partnership with the Lord." She had picked up a New York *Times*, and saw across the top a big advertisement with the words, "Lord & Taylor," so she had taken the scissors and cut it out and pasted it on the door.

I wonder if you heve pasted on the door of your community or the door of your retail stores these words, "Retailers and community?" Co-operation of the two is the thing that is going to mean success for both of you. When you show me a town with those words across the doors, as it were, I will show you a town where if you start out to find "Mr. Jealousy," you will have to look in the dump heap to find him. Everybody is working for everybody else's interest. When you find that town, you are going to find retail merchants who have got away from that old narrow view of "How much money can I make?" You are going to find there retailers either as individuals or as an organization. Instead of saying to somebody else that "You ought to get together in this town," they first start to get together themselves. The first thing that they do is to ask themselves, "Are we patronizing the other retailers in town ourselves before we ask somebody else to?" Is the drug store man buying from the hardware man? The first step for the retail merchants in town is to get

together and to say to their families, "We are going to spend all our money in town, and maybe we will spend part of it with our competitors." There is the first principle, my friends, of a successful town regardless of size.

Then you are going to get together as retailers, and you are going to adopt some standard practices. What are they? About four years ago, in the town where I am conducting business, we decided that it was a crime to ask the girls who were working for us to come down in the morning at 7.30 or 8 o'clock and to remain at work till nine o'clock at night. We went out in the community and said to those other retailers, "This is all foolishness, trying to get human beings to do what only machinery can do. We are going to close our store at six o'clock."

They replied, "It cannot be done; those farmers all come in later to buy, and they won't stand for it. We won't close up because we would lose our business."

We had about ten small retailers who handled small portions of the same lines that we handled. This town had a population of 3,000 and a drawing population of a good many thousands. We wrote some advertisements and placed them in the paper stating that our people were human beings, that we were under the impression that no human being could work all the time and be efficient. We began to close our store at six o'clock every night except Saturday.

The fellows all over town said, "They will go broke," and we were afraid we would, I will frankly say. Three months later, the nearest competitor had put an advertisement in the paper and said, "We are going to close at six o'clock after this." His son was a friend of ours and had been watching us very carefully. I said it paid, and he decided it would too. We ran on for six or seven months, and eventually another man fell in. The year before last they called a meeting of the Retailers' Association. You can have an organization without having an association, you know. They decided to close at six o'clock every night except Saturday night. We had already been doing it two years. They passed it. Everybody fell in line.

Go down to my home town to-day, and everybody closes at nine o'clock on Saturday night. Everyone has just the same volume of business, for they all close at the same time. Uniform practices pay.

We used to extend credits for a year, and thought, "These fellows cannot pay but once a year, because they only have a certain crop." Almost all these fellows that did not pay us for six months could buy us out. Why should we carry them twelve months without interest? We made them pay one per cent. more than they would pay at the bank for borrowed money if the account was overdue. We did not start by cutting down to thirty days at first, but we gradually curtailed the credit time. What is the result? They borrow the money; it is cheaper. What is the bank for but to loan the money?

Then we began to tighten up on the credits. I shall not go into detail except to say that we organized a credit association; we exchanged experiences. We did not blacklist anybody, but we gave the other fellow the benefit of our experience. If he was a wise merchant, he knew what to do. We didn't say, "Well, it is all right, of course, but I will take a chance on him."

I heard of a young man who went to work in a store, and the boss said to him, "Now, you watch the credits very carefully, and don't open a new account without finding out all about it."

The young man was conscientious, and said, "All right."

Two or three days later, the proprietor came in and was looking over the charge slips, and saw Henry James' name on one. He said, "Look here. Did you open this account with Henry James?"

"Yes, sir."

"What did you do it for? I told you to find out all about a person before you opened an account here."

The clerk said, "I did—I called up and found out that he owed everybody in town, and I thought a fellow like that you would like to have his name on your books, too."

That young man could not distinguish between the fellow that owed everybody in town and the fellow that paid everybody in town. We do not have bad losses, because we control credits. Each man took part in the effort without those hateful jealousies which make him say, "Well, he has stung me. I hope he will sting my competitor." No, we didn't do that. We are taking care of our interests by adopting uniform practices throughout the community, and we are making it go.

What else can you do as a retailer in your community?

Last year, in connection with the University, I visited in Beaverton, Wisconsin, a little city of 18,000. They said to me, "We would like to enlarge our territory. The big cities are pulling away our trade."

They got all the retailers together and proceeded to find where their patronage came from. They took a certain road and asked every retailer the farthest point they served. They had a man helping them to plan some way to enlarge that territory. They annexed to their territory several miles with several hundred familes by going after them.

I am going to add here that these particular men did some co-operative advertising after that. All of them went in together and advertised some leader at the same time. If the grocery men wanted to feature something, one featured soap and another sugar.

Another community has what is called a trade extension paper. The paper is sustained by the advertising of the merchants. The secretary of the correspondent of the local merchants' association hunts up news items. They send to the University and get an article on dairy farming, on raising chickens, the care of bees, or on school matters.

I know of a town in Wisconsin that keeps the agricultural school busy furnishing lectures for that community. They want the farmers who are surrounding that little town of 300 to feel that the town is the centre of their interests. Those merchants do not merely invite the farmer to spend his money with them, but provide the farmers with information pertaining to agriculture. The merchants are paying the expenses. That little town of three hundred has stores that are equal to those in most towns of four thousand. Why? Because the farmers say, "Those fellows in that town are interested in something else besides taking our money."

You can go further than that. You can encourage industries to come to your town. I know you are in a big country with peculiar conditions. If you

happen to be in a place where you are dependent upon absolutely one group or one industry, the thing for you to do is to try to get additional industries to locate in your community. I know of a place up in northern Wisconsin which is nothing but an old lumber camp. A fellow went up there and started a store. He began to exert himself to bring industries to town. As a result of that man's thought and effort, they have there an excelsior factory that employs sixty-seven people. Where do they cash the cheques? Over at the stores. Who gets the most of the money? The retail merchants. I might go on and on and tell you about other results. Are you consuming things that are made out of town when they might be made at home? Why not do it at home if you can? I do not know your conditions. I am asking you to think, and if you think, I will be satisfied.

Encourage your own paper. I would hate to live in a town that didn't have a paper. What supports a paper? How does a man run his paper? I wonder if there is any man in this audience who thinks a newspaper man makes a living for his family by selling that sheet for two or three cents? If so, I would like to see him. What makes it worth his while? His advertising. Who does the advertising? Half the papers in small towns depend on foreign advertising. You live in the town, and you do not advertise and help support him. He gets it where he can, and then you say, "I would not advertise with that fellow. He carries foreign advertising."

He gets "soured," and can you blame him when he does not write paragraphs about "Merchant So-and-So" went down to Winnipeg?

Then some fellow like my friend Mr. Stockdale comes along and convinces you of the value of advertising. You go down to the newspaper man and talk to him about advertising rates. He says the rates are twenty and twenty-five cents, and you say, "I will make a contract with you if I can get it for ten cents."

And the fellow, rather than let you slip away, lets you have it for ten cents. I am telling you facts. In the State of Wisconsin we are working with the State Federation of Printers. They found out that 90 per cent. of their establishments were not making a living and did not know their costs.

You would not like it if I came into your store and asked you the price of something, and when you said, "That is twenty-five cents," I replied, "I will give you ten cents for it."

You would say, "You cannot do it. I know what my goods cost, and I have to make a living.".

Help the man who is supposed to be boosting your town. Help the fellow make a good paper, and you help to make a good town. Don't waste your space when you get it. Pay what your customers expect to do, a fair price, and all you fellows get behind the paper in your town. You will find co-operation is a big factor in community life and prosperity.

A good bank is a good thing to have in a town. If you haven't one, encourage one, because a banking centre is a good place.

A rest room is a good thing to have in town. If I were a merchant living in town and had an upstairs room that was not occupied, I would utilise it for that purpose. Put in an old sofa, a comfortable rocking chair, and a magazine or two, not the catalogues. I was down in a town in our state, three weeks

before I came up here, where the merchants told me business was "going to the dogs," that people all wanted to trade in the mail order houses. I looked in the stores, and I didn't blame them very much, to be frank with you. I walked up to the city hall that night where the meeting was to be held. There was a table in the city hall, and "Roebuck's" catalogue in the centre of it. I said, "You fellows do love your competitors. You have a city hall to advertise them in."

You probably all know what the army shoe is. I looked at the price of the army shoe in one of the stores, and the price was $5.50. I asked the merchant if he sold them, and he said, "No. People kicked at the price."

I went down the street to another fellow who was selling shoes in that town, and I found an army shoe, approximately the same shoe, selling for $5.75. I went to the city hall the next night at that session and I said: "Friends, I am going to tell you about a fellow who is a salesman—page so-and-so of this particular volume which occupies the centre of your table, who says, 'Army shoes, $6.50. Send us the money in advance and pay the freight.' You fellows talk to me about competition, and that is what you are asking for them and that is what they are getting for them." My friends, what do you think would happen if those people in connection with their stores had a rest room? Suppose if while customers were in the rest room they had let them know what they had and the prices they were selling for. What do you think would happen in that town?

Certain business men in our state have closed the stores and gone out and helped the farmers harvest their crops. The farmers were grateful, and it was a good business stroke.

When farmers need somebody, lock up that place where nobody comes, give it a rest. Go and help the fellows harvest their crops. Ever hear of a mail order house doing that? There is a chance for you. How are you going to do it? Through co-operation.

Furthermore, have good roads. I am going to give you one illustration and leave it with you. We have a little lumbering town of less than two hundred in northern Wisconsin. It has three mills, with a large town near. This may be reversing some of my friend's suggestions this morning, but I am showing you the possibilities. A big town draws the people away. That is a condition, too, which we cannot counteract. We cannot move the big town, so what are we going to do? Fight the best we can to retain our trade. This is what they did in this town. They made good roads. What is the result? A fellow out there did half a million business in a large general store. This fellow has a building there you cannot recognize as a store building. Anyone familiar with the conditions pertaining to an Indian reservation property knows that the property reverts back to the Indian. What are they doing? Occupying a waste looking place, the cheapest place they can get, and they did half a million business out there. And where did they get it? Lumber camps, their own trade, and where else? I stayed there, and I saw people come out from town of a thousand people (one of the best in northern Wisconsin) to buy. I asked the proprietor how he accounted for it. "Why," he said, "we do not have the overhead expense, the mahogany fixtures and all that kind of thing that the city stores have. We let them know about it, and they come out and

patronize us." They knew how to take advantage of their conditions and made it so people could get there.

Co-operation of delivery—I will give you one example of that; we have probably one hundred in the state. Small retailers are concerned with delivery. One town in Wisconsin was running fifteen wagons, each wagon had a man, and there were fifteen horses employed in that work two or three years ago. My wagon would go running down to a house with a little parcel, and your wagon would come in half an hour more, and our friend's wagon in another half hour. A young gentleman there began investigating. The son of one of the merchants was down at Madison. He was compelled to write a thesis, and he began an investigation of the delivery problem. He took it home, and the father thought it a splendid idea to follow the boy's suggestions and cut delivery cost.

The retailers got together and organized a co-operative delivery association. Each fellow promised to pay $100. They instructed the committee to have a disinterested party set a price on every delivery rig in town. They agreed to buy those at what they were worth. They bought every one of them and gave the merchant his cash. They hired a manager to run it and gave him full power to hire delivery boys or to "fire" them. They started the system and cut the number of delivery rigs from fifteen to nine wagons and sold the rest. There is some saving, isn't it? They cut later to seven. Instead of delivering all day long, they posted notices that wagons left up town going east at 9 a.m. for the last call in the morning. At two o'clock in the afternoon they made a second trip in the same direction. They are saving man-power and cutting down cost of delivery. What happened? Instead of a woman wondering when Smith is going to send that bag of flour, she knows that wagon will start at nine o'clock and that she will have it sure by nine-thirty. Two or three of the smaller dealers did not come in. They were compelled to come in by the housewives, because the housewives said, "You can always tell when you are going to get it on the central delivery."

This principle has been adopted in probably sixty cities in Wisconsin, and it is a success. One small town that I know of made a mistake. They operated with automobiles. There were too many short stops for automobiles, which are better for long distances. Eventually they found out that the most of the patrons were best served by horse and wagon, while the ones living further away could be better served by a car.

One man said it was costing him less than two cents per parcel to do his delivery in this way. They pay in proportion to the amount delivered. The big fellow pays for the number he has, and the small fellow pays in proportion. Co-operation. How are you going to do it? Retailer co-operation, is the answer. That is how you are going to do it.

You promote fire prevention around you. Are you fellows doing anything to stop that? A fire loss is a loss to the whole community and not only to the insurance company.

Last, but not least, you should promote education, not only in business but all kinds of education in your community. You are the men to promote education. Why else are you going to promote it? You people talk about minimum wage. I think everybody should have a fair wage. Looking at it in

another way, you cannot compel me to continue to employ a person at any wage unless the person can produce, can you? What are you going to do to make them produce? Are you going to make the people capable of earning that wage? Are you going to give to the young people of your community the weapons whereby they can provide themselves with improved and profitable wages? What are you going to do? Your obligation is to educate them and to use your public educational institutions to do it. You are going to promote it because you are concerned with the welfare of the people who are not perhaps efficient enough to realise the necessity of these things.

You should get behind your library. You are going to help make better streets, going to help the women clean up the town, going to do all these things as an organization and not as an individual. Because you will do it as an organization you will get some better results. Community Institutes are being held throughout the country. They have a three or four days' programme of value to the people of the community. This is done throughout all the states, and I venture to say you can get speakers from your University for such a movement. Retailers promote it; they pay the bill and they help to educate the community. Community music, lectures, education, entertainment for the women and children as well as the men. That is a large programme besides your business and your business work. Get behind your institutions.

I think it is Henry Ward Beecher who tells us that at one time he received a letter asking him to suggest a minister for a small town. He proceeded to read the qualifications required, as outlined in the letter. They went on to say, "We want a man with this and that qualification." After they got through with that, they wrote, "And thank you very much for giving it your attention." At the bottom they wrote, "Be sure to send a man who can swim." He investigated and found that the last minister was drowned crossing the stream to call on some of the parishioners.

If you show me a town where the retailers in the town can "swim," I will show you a town that is worth living in; that you can make a good living in, that you can take pride in having your wife and children live in. What do you want the future generation to do? Do you expect the people of the future and of your town to be any better than you are? How are they going to grow? They are going to grow through progress. Progress comes as a result of the efforts of you gentlemen, you smaller business people who are the moulders of the public opinion in your community. You are going to help the people to grow by supporting education. You are not going to say, "I heard that down at Winnipeg, but I won't take it home. Nobody else has any interest in it." No, you are going to "swim," you are going to study your community, you are going to say "I am standing for the biggest idea in the world." What is it? The betterment of human nature. Talk it over with your competitors, get together and practice co-operation. You are not going to change the old ideas in a day, but you are going to do something which will mean a better understanding with the people of your community. The fellow who has hitherto not been interested in some of the higher things of life is going to become something more than a mere merchant. Study how to help the people of your several communities grow and prosper.

Do that, and you will receive the remuneration that comes to every man

that has a part in pointing the way to greater success and to the larger life of the people of the community.

And this be your praise, as the years go by,
  And enough it will be for soul's renown.
You opened a door when there came a cry,
  You builded a wall where the wall was down.
And then at the end of the ways that wind
  One joy will stay through the world's defeat,
To know as you go that you left behind,
  A friendly door on a friendly street.

CASH, CREDITS, COLLECTIONS—THE FUTURE OF YOUR TRADE

BY G. PRYOR IRWIN

I want to make a few remarks in regard to the credit and collection proposition. We are not going to attempt to go into the credit details in order to give you the information that probably some of your credit associations might give you. I shall endeavor, however, in the few moments I have to give you suggestions taken from experiences, particularly with the smaller merchants, that might be worthy of your consideration.

The first feature that we would discuss in connection with that is our cash. The program says, "Cash, credits and collections." Perhaps, as suggested, cash is the first consideration. We have been concerned for a long time in trying to cut down the amount of credit we are compelled to carry, and to secure cash, so I do not think there is a great deal of discussion necessary.

Since coming to this session, I overheard two gentlemen discussing the cash and credit proposition, and I heard one gentleman ask the other, "Which would you rather have?"

The other gentleman said, "I would like to have a good credit business."

The first one said, "I would rather have the cash."

When the other inquired why, he said, "I can walk down the street and pay my bills with cash. I cannot do it with credit."

The other fellow, of course, proceeded to give his side of the question. There are certainly many arguments which can be advanced in favor of certain kinds of credit.

The point has been raised as to the cash and carry system. I shou be very glad to go into detail, but I cannot do it at this stage. I would simply state that over in our state, about two years ago, a grocery man conceived the idea of "Cash and Carry," as he called it. He reasoned with himself that the man who obtains credit, as compared with the man who paid cash, obtains accommodation, and should pay for that accommodation. He reasoned that the fellow that paid cash on the spot did not require any bookkeeping. There was no waiting for the money, and he should secure the merchandise for a little less than the man who bought it on credit. He reasoned that the man who carried his merchandise home with him should save the cost of delivery. This gentleman started with that idea. He was running a grocery store at that time, and had very large credit losses. He reorganized his grocery store, a store in a city of, I would say, approximately 18,000 population. He advertised this plan, and then he began to study very carefully to see how much he could give. As near as I could find out, the fellow who bought a dollar's worth of merchandise could buy that merchandise for 95 cents, provided he paid the cash and carried it home. He started with that idea and that seemed to be good policy. He went a little further and dis-

tinguished by a few cents between the man who bought the merchandise and carried it home and paid cash for it, and the man who paid cash for the merchandise and had it delivered. He tried as near as he could from his past experience, and from the experience of others, to divide this at approximately the right proportion. He ran along very successfully. He began to be imitated by a great many individuals in the community, and at the present time there are many such stores. Many of those gentlemen who are conducting this business maintain that they are reducing their cost of selling considerably, and that it is worth while.

From a merchandiser who has been conducting very successfully a business for nineteen or twenty years, I have this suggestion, which contains at least food for thought. This gentleman was confronted with that proposition, and was asked why he did not adopt this method. He was a grocery man—he received a large number of orders over the telephone—his men took those orders, and in five minutes or so the conversation was over, and the order was placed on the file. Immediately a customer came in. Those same salesmen waited upon the customer and continued so for thirty minutes. He raised the question that if all those thirty customers came down to his store, whether or not he would be compelled to add additional sales force to wait upon those people in person. Assuming that each one of them would take some time as they came in, it would take much more time to wait upon them than it would take to receive their orders over the telephone. There was quite an argument about that. There is room for argument. I certainly would not attempt to settle it. A discussion is still going on, and men who are merchandisers with years of experience are discussing it from both viewpoints.

A merchant who was opposed to this plan said that he preferred the credit business to a cash business. When asked why, he proceeded to quote statistics from his own experience in the credit business for a period of years, showing that his credit losses were a fraction of one per cent, and that his customers purchased more. He went on to prove by his statistics, which he submitted from his own store. He is known as a very successful merchant.

I am giving you for what it is worth the information as received from these stores. This gentleman says there is probably a tendency on the part of the customer to buy more. There is probably a question in the mind of some individual as to whether or not that does not lead to difficulties because of the tendency to buy too much. It becomes a question of the ability of the man to regulate his credits.

There are certain individuals I know in the merchandising business who are doing that kind of business—a credit business—and those gentlemen are endeavoring to encourage short credits. Then there is a tendency sometimes to shorten the credits by giving a slight discount for immediate payment on the order. I think there was a gentleman here yesterday who gave us some of his experiences in connection with that part of the program. I recognize at this stage that I am talking about a decidedly important proposition. I am not going to attempt to come to a strange country and tell you your conditions at this peculiar time. I venture to say if you were to talk to a credit man of authority, a man who was a credit man by profession, you would get some information which was very valuable, and that would far exceed

what I might give you. If I can get you to write down a few questions concerning your credits, and to go out and talk to the men who pass upon your credit, or are interested in your welfare, I believe you will get the credit system explained to you in a way which will assist you very much.

In our particular state, the merchants are endeavoring as carefully and as conservatively as they can, and still as rapidly as possible, to shorten the time of credit. I remember in a certain agricultural district, in which I happened to be engaged in business, we had a settlement once a year. I remember when one merchant startled everybody by saying he was going to require a settlement oftener than once a year, most of the merchants said it could not be done, and most of them did not attempt it. This particular merchant I have in mind did shorten the time of credit, and he did it this way:

I might add just here that he assured me he lost a few customers, and pretty good ones, by it, but he said he was satisfied. He simply took the matter up as a personal proposition. He found that the farmers had been very prosperous, were receiving high prices for their products, and that a great many of them had more ready cash than he had. So he said to them, "My investment is increasing; my costs are getting higher. It is requiring considerable effort to pay my bills and to carry the load I am carrying with the amount of capital I have. I am always glad to accommodate my friends and patrons to the extent of my ability. It is not possible for me in this case to go too far, although I want to do the right thing. Don't you think it would be fair for you to settle with me, perhaps, a little oftener?"

That man tells me that in a number of cases he succeeded in getting a settlement perhaps twice, where he had gotten a settlement once before. In certain stores with which I am acquainted, they are shortening the credit time as best they can. In the institution in which I happen to be interested, we started on them years ago. We gradually worked down from that "once a year" proposition until we adopted this plan: We were running a general store in a town with approximately three thousand people, with a large surrounding agricultural district. We have two competitors who are approximately the same size, and we have about ten small stores, perhaps handling one or more of our lines. In that community we have tried to get our credits down, and we have eventually gotten to this point: We allow thirty days' credit. It is our general suggestion that thirty days is the time we expect to carry the customers. It is not necessarily thirty days in all cases. If he buys on the first of the month and during the month—the statement is rendered the first of the next month. The customer is given a discount of a very small percentage if he pays in three days, which has encouraged a larger percentage of our customers to pay us. If the fellow does not pay by the 15th of the month, we state that we are sorry that we cannot carry the account any longer unless there is very definite reasons. In that case, if the man will give us bankable paper with a fair percentage of interest, we accept it. Now I am not going to say to you that we did not lose any trade. I am not going to say to you that you should do that. You know your conditions. I am telling you of our experience. We actually advertised our credit terms. We gave as our reason for doing so that our investment was increasing, and that we were compelled with the limited capital we had to use more capital on

account of the higher price of goods. We would be very glad if we could accommodate any person. We drove away some good customers.

I don't want you to say, "Irwin suggested we do that." You ask your credit man. He knows more about this country. I would suggest that you discuss it with him. I found that the larger stores usually do not lose so much, but if the smaller merchant would take the same precautions as the larger one, or the wholesaler, he would be very much better off. He should not only know the name but something of the entire history and the family of the individual who seeks credit. He would know something of his past record or practices. He would, of course, know his occupation, know whether he owned his home or whether he was a renter. There are a lot of people who might be willing to pay who have not the ability to pay. He would know something of his approximate income, where he had been trading, where he trades now. Now that is not anything very wonderful, it is only the information that probably your jobber should have of you. If we went into the credits half as carefully as they do, we would find out that there was probably a great difference in the losses in the credit business.

I have recently been talking to a gentleman over in Wisconsin. He has been in a position for years handling credits, and handling them successfully. A few days before I came to here, I had the pleasure of talking to that gentleman for a while, and I asked about some credit difficulties. I said:

"What is your experience with the smaller stores?"

He replied, "There is one thing I have decided would help very much with the fellows in making their collections in small stores. There are a great many different reasons why a fellow does not pay. For instance, here is one I have in mind. A fellow did not pay his account, and we found out it was a case of a separation in the family. There was no family there, and no one had very much interest in the credit of the family or the home. In another case a man refused to go to the store and pay the merchant. The merchant had been abusing that man all the time, sending him letters telling him to pay at once. The merchant was in debt to us, and we wanted to help him. I went over to investigate this case and found that a little boy had broken his arm, and they were out so much money that it was impossible to pay. I might add this was the family of a laboring man who had rather a limited income. Just previous to the time that default had been made in payment, the wage-earner himself had had some misfortune, and he was out of work for a few days. The merchant continued to write him 'You must pay me,' but he did not know these conditions. We helped the fellow up, and he began to pay a dollar a week on the account, and turned out to be a pretty fair customer for that house. He mentioned that to me and said, 'It is a pretty good idea for a merchant to study a good many things connected with this proposition, and sometimes he will find out why they cannot pay, although willing.'"

Take up and discuss these problems with those who are authorities in your community. This is a serious proposition, and one that no man should run into blindly without knowing what he is doing.

The attitude, the activity, and the actions of the merchants themselves have much to do with the future of the community.

This is our closing session. I desire to express my appreciation of the courtesy that has been extended to both my colleague and myself in this course. We desire to express our appreciation of the courtesy and the hearty co-operation of your splendid secretary, of your advisory board, and of the institution in which we are now gathered. All of them have worked hand in hand towards making this proposition go. We realize, as well as you, that it has been possible for us only to make suggestions here and there that might have one result. We sincerely hope that it will have that one result—to make you think. None of us have made claim to being expert merchandisers. We have a long way to travel yet, but we have tried so far as we could to bring to you the experience of other people. I think it was our merchant prince, Mr. Wanamaker, who said this, "Every man who enters business must walk the dark road of experience alone, but he need not walk in the dark all of the time if he can walk in the light of the other fellow's experience."

We bring to you, so far as we can ascertain it, the experience. Use what you may have received, if you have received anything. I thank you.

THE GOODS—HOW TO KNOW THEM AND SHOW THEM

BY G. PRYOR IRWIN

I want to tell you first an experience in retail stores which will lead you, perhaps, as it has led me, to believe that there are some very important points that a man who is selling a commodity should know about that commodity. I remember here the story of a girl; perhaps she is the kind of girl I was talking about yesterday afternoon, who was given a book and pencil, dropped down in a store, and then everybody hoped that she was going to distinguish herself. she was standing behind the counter shortly before the holidays. A feminine purchaser (by whom 80 per cent. of our purch[illegible] are made in the majority of stores) came walking into that store, and[illegible]at store was displaying the merchandise efficiently she found certa[illegible] in the aisle. She looked at this particularly attractive d[illegible] was attractive to the eye. The more she examined [illegible] came. The woman was of a curious mind—most [illegible]. Whe[illegible] see a new piece of merchandise which is attra[illegible] for[illegible] to ask is, "What is it for?" The woman looked [illegible]ing to the Sales girl said, "What is that for?"

The sales girl hesitated a momen[illegible] entirely new line, out of her department, and then for fear that th[illegible] might think she was not "on to her job," decided "I will have to tell her something" and said, "Well, I think it is for a Christmas present."

And that was all the information that the sales girl had to give to the prospective customer. Is there any reason in your mind why that customer was not interested in that commdity? She received no information on that commodity.

And so we find in other cases that it often becomes necessary for us to know something about our commodities in order that we may talk intelligently. We may not be able to, like that fellow who upon his entrance into the linen department to serve customers, was one day compelled to wait upon a feminine purchaser who desired certain pieces of linen. The man knew practically nothing of linens. The customer stopped to look at two pieces of approximately equal size. One of them was priced $11 more than the other. The customer, looking at them, said, "Yes, I see they are both very attractive," and then, picking up the articles she looked at the linen very carefully and said to the young man, "I cannot see what the difference is in these two, and you ask me $11 difference in price."

The fellow was not going to be put down. He took up one piece of linen which was the most expensive, and said to the woman: "Madam, you will notice in this particular piece the centre is in the middle and the corners are on the edges."

The woman said, "Oh, yes, I didn't notice that."

And that young man was supposed to be a salesman. All of us are not fortunate enough to be able to respond to the situation quite so readily.

It seems to me if there is one thing to-day that is absolutely necessary, particularly with the small retailer and his employee to enable them to compete with yonder man who can hire an expert to do these things, it is to know something about how to lay our proposition before the customer in an attractive form, and what to tell him about it after we lay it before him. I am not talking entirely to you men who are laying merchandise down on the table for customers to pick up and admire, but I am talking to anyone who has a proposition which he expects to sell to someone.

I heard a story of a barber who, it was said, attended our friend Billy Sunday's meetings. He received what he thought was very much benefit. He was instructed by the evangelist: "The first thing that you do when you go out from here to-morrow, you pass on the good tidings and help some fellow get ready for the hereafter."

The fellow felt he had received much benefit, and he went out from this meeting determined he was going to pass on the good news to some other fellow. He had not studied how to properly present the proposition.

The next morning one of his regular patrons came in for his usual shave.

"Want a shave? All right, Bill, sit in the chair."

He went through the preparations for shaving him, had the man nicely lathered lying back with his head on the form all ready. He pulled out his razor strap, whipped the razor up and down in good shape, put his hand on the customer's head, held the razor above the customer's throat, and said: "Brother are you ready to die?"

That reminds me of some of the remarks we hear in our merchandising establishments. I walked into a merchandising establishment only three weeks ago in our city. I was trying to investigate some merchandising conditions and was concerned with this particular problem. I walked into a store, and inquired for an article.

"You handle so-and-so?"

The salesman assured me, "Yes."

I said I would like to see it, and he laid the article down on the counter in front of me and said, "I don't suppose you will like that kind?"

Instead of saying something to interest me, the man immediately started telling me he was quite confident I was not going to be interested in the proposition. I didn't blame the fellow very much.

I walked into another store to buy the merchandise. That fellow brought an article over and put it down in front of me with the remark, "I do not know whether you want anything so expensive as that."

Possibly I looked poverty stricken.

The kind of things I have mentioned are what keep people from becoming interested in our propositions, instead of sales people telling something interesting about it.

I told you yesterday something about a very practical way of meeting a customer. Promptly show him the merchandise. Probably this is an insignificant remark to you, but to those of you who have studied the people selling in your stores it is not anything like so insignificant as it looks.

I walked into a drug store last summer in search of an article. A couple of young fellows were standing there receiving money as the representatives of that store. I inquired if they were handling certain articles, and one said, "Yes." He then turned around to the other fellow and remarked: "You know, I think Chicago is going to win the pennant. The last wire they had at the office, they were so many runs ahead."

He finished his conversation about the ball game, however, and said:

"What is it you said you wanted?"

I said, "This is a nice store to keep away from."

There is nothing more important than the manner in which we meet our customer and the way we place our commodity before him. If you walk into a store to-morrow, the way in which a commodity is laid before you on the counter has very much to do in determining whether you are attracted by that merchandise or not. You walk into a store and call for an article, and the fellow throws it down and says, "That is a dollar." You walk into another store and the salesman takes the article and handles it as though it were worth the full price. Compare the methods.

Some ladies walk into a store to buy a garment and the saleswoman picks up the garment and holds it like a rag in her hand. The woman is not going to be interested in that garment, as she would be if it were displayed in the best form. What is that? Put it on the customer. Relieve your customer of any constructive thinking, if possible—meaning that you show your merchandise as nearly in the form it will look in use as possible. That is not possible in all cases, we will admit, but so far as possible, show how the commodity is going to serve. As an illustration: A young lady in a small Wisconsin city was working in a general store. She was responsible for the sale of collars. She saw people walk up the aisle day after day without looking at or apparently noticing her assortment of collars. After a while, she said, "I wonder why?" She looked at her display and saw that there was no contrast of colors. She removed the majority of these collars until she had very few. She took a common piece of purple paper, placed it beneath the white collars, and now she had a contrast between the white and color instead of white lying on white. The white collar was placed in an attractive form—just as it would be worn—on purple paper. A customer could see the figures in the collar and the customer became interested.

She found that the majority of feminine purchasers would ask. "May I put it on?" or "Will you put it on to see how it looks?"

She found an old waist form that had been thrown away and displayed collars on it. She did not use a white waist because she knew there would be no contrast. She increased her sales 60 per cent. by merchandise display. If we have a proposition to present, we must present it to our customers in the most attractive form.

I might stand before you and say that particular lighting system is one of the most brilliant lighting systems you ever saw. If I turned on those lights and you saw for yourself how they looked, you will not be compelled to think, "I wonder how they look?"

I might take a man's necktie in my hands and say, "Fellows, when this is tied it is the handsomest tie you ever saw," but if I am a clever salesman I would take that necktie and show the fellow how it looks. I would not wrinkle

it, for that would damage the tie. The customer knows how it looks and need not guess at it. Relieve your customers of any constructive thinking.

I was in a small general store in Wisconsin along in the early part of the fall, when a customer came in. A young girl was selling merchandise. This girl was compelled one time to let the customer have a bunch of toothpicks and next time to sell tooth paste. This particular time the customer said, "Do you handle certain goods by the yard?" and the saleswoman assured her they did.

"I would like to see what you have."

Along the side of the store was this merchandise wrapped on the board edgeways. This saleswoman walked up and pulled down one corner and said, "How do you like that?"

Another one was pulled down a little piece more, then a third one. The girl said to the woman, who didn't seem to be interested, "You do not see anything you like there?"

The woman said, "No, I don't think I see anything I like. I think I will look around."

I was standing by the saleswoman, and she said, "Tell me as near as you can why I didn't make that sale."

"If I could tell you how to make every sale, I could make a million a day. The woman wanted curtains for a bedroom window. All right. You stand out here, ten feet from that shelf, and let me pull down that much of the corner of those goods, and then tell me if you can see enough of that pattern to tell how it is going to look made up, and what it looks like hanging on the window."

She said, "No."

"There is the first principle of merchandise display. Relieve the customer of any effort. Let him see how the merchandise looks in use."

"What would you do? This is a small store, and we haven't fixtures like they have in the city stores."

I replied that I would get a piece of stick, if I could get nothing better, wrap it with paper, and put it across the top of two chairs. "The next time anyone asks for curtain goods, open the bolt and show the pattern."

I don't care what your business is, show your goods.

Take shoes, for instance. You may do what a wise salesman told me was a very essential thing in selling shoes. He said, "The first thing you are going to do with selling shoes is to please the eye. You bring out the shoes and the customer says, 'I don't like that.' You say goodbye to that and get something else. Please the eye. When you get the eye pleased, please the foot. When you have the foot pleased, when that is comfortable, then there is one thing more to do, please the pocket-book."

I leave that to you whether or not it is sound logic.

Most of us do not realise the importance of color. It is needless for me to say anything about color to the man who is selling ribbons and dry goods. A hardware man once said to me that it was not worth while telling him anything of that. I stayed in his store seven weeks. He had engaged a young boy to sell merchandise. A young woman came in from the country and wanted to buy paint for her house. She said, "I wanted the old man to have it painted before, but it was a pretty expensive job and he has been putting it off, but at last he has decided to have it done."

This boy said, "All right, we have quite a nice lot of paint here."

He brought out his paints and figured up approximately the number of gallons it would require. Then I heard the woman say, "Just how would you trim that house? I am not positive about the colors here. If you can help me a little bit in trimming the house, probably we can decide on it. The old man could not come in to-day, and he said, 'Anyhow, maybe the people at the store know more about it than I do.' "

The boy looked at me as if he was scared to death, and then said to the woman, "I expect we will have to leave that to the painter. I do not know much about that."

Then the woman said, "I cannot decide without the old man." She went out of that store.

I found there was a painter in town who took orders for paint. The woman went down to Mr. Painter, who told her how to decorate the house, and the last time I saw the merchant he still had the paint.

I have a personal friend whom I went to see during the Christmas holidays. He was upstairs dressing for supper, and when he came down I heard his wife say, "For heaven's sake, who sold you that hideous tie?"

He said, "Why, what is the matter with the tie?"

"A man of your complexion ought never to wear that color."

He thought of the man who sold him that tie—but not in the right way.

Take an opposite, a woman attending a social gathering. All her women friends gather around her and say, "Really, that is such a becoming garment you have. Where did you get it?"

"Oh," she says, "Mary over at the store suggested this."

Any real assistance that you can give to your customers is usually appreciated. We walk into a store and want to buy a chair. The salesman comes forward, puts a chair down in front of you and says, "That's a good chair." That is what the fellow across the street said about his, and that is all the information you receive. He gives no reason why it is a good chair. You are compelled to accept his simple statement. "Why is it good?" He gives you no proof. That is his opinion, not yours—the salesman's opinion, not the customer's.

My friends, the customer's opinion is formed from the definite information which sales-people can give. If you want to buy a chair, what you should know is what service you can expect to get. Instead of being told it is "a good chair," you expect to be told that the chair will give you lots of service because it is made of oak or because of certain improved construction.

Instead of saying "Good shoe," say "Here is a shoe which will give you service because it is constructed in a certain way."

Instead of saying to the woman, "Here is a nice coat," say "It is a good coat because . . . ," giving reasons that are convincing.

I should be able to give definite information about whatever I may sell. I should take the article and study it, in order to be able to give definite information. I first ask myself, "If I were a customer buying," in this case chairs, "what would I expect to get in a chair?" Perhaps it is service, perhaps comfort; most of us like a comfortable chair. The construction of it might be interesting. The benefits I would receive from it are the things interesting to me.

If I were going to buy a shoe, it is quite probable that I should want it (as most of the time we hear customers say) good looking. Sometimes we say a stylish shoe. I should want to have it of the proper material. I should like to know how it was made, not necessarily all the revolutions of the machinery that made it, but rather if there are any advantages to me in the way in which it was made.

And so I might go on and on with this idea. One might make a general statement that "it is reasonable in price" without being able to compare it with other products and say why. That is not sufficient. We must have definite information as a positive proof of our statements, so far as it is possible to give it.

I am going to ask you for a moment to let your thoughts revert to the daily newspapers that you all read on various occasions. Across the head of this morning's paper you read, perhaps in red or black characters, a certain number of words, commonly called headlines. They may have said there was a great storm or a train wreck. Those black or red lines, as the case may be, were placed on your paper by a man who knew what definite information was, and he knew how to present it in an interesting way. He knew just how to boil down a long story into a few words. That is what definite information means. Instead of talking to me half an hour about this chair, if you can tell me quickly in three or four words what I am going to get out of it, you are a salesman. So the newspaper man boils down the entire column of this newspaper—he writes across the top of the column four or five words. You read four or five words, and you get the sum and substance of the entire column. You know what is in the column, although you did not read it. He tells it in an interesting way that compels you to read the rest of the column, if you have the time. There is a much larger principle illustrated in the headlines of the paper than most of us see. If you and I can follow that out, and we can because we can see the newspapers daily and study how they do that, we can learn to tell a concise story in a few words. We can learn to tell in an interesting way the interesting things about our product—what it will do for the purchaser, and why.

And then we come to the next step in selling, "the most vital selling point," which is the most interesting point to the particular customer. Let me illustrate. One man buys insurance for investment; another man buys insurance for protection. Both of them buy the same commodity, but a good insurance agent would not talk to both of them alike. To one he would talk investment and to the other protection. To-morrow morning into your general store come these two classes of people. I am going to apply this to an article we all use.

Customer Number One comes walking into this general store, walks up to the salesman and says, "I would like to have a pair of boots. You know I am working outside, doing work which is hard on shoes. If you have one that will give me a lot of service, I want it."

Now, this man is interested in the amount of service he is going to get out of the shoes. No salesman or saleswoman would think about talking style to that man, because he has found out what he is interested in. The second customer that comes into the store has an entirely different viewpoint. Perhaps he is a young man about town who rather prides himself on being well-dressed.

"I want shoes," he says, "something up-to-date."

You say, "Yes," and you talk on that point. "This is the newest style," and so on.

You figure out that man's interest; you have found out what he is interested in. The third customer comes limping in and says, "I wonder if you have a soft, comfortable sort of shoe? I don't care how it wears—I have a lot of trouble with my feet."

You would be a fine salesman if you talked on "a beautiful shoe," and how long it is going to wear. If you are a wise man, you are going to talk about how comfortable it is going to be, and you are going to forget about unimportant things.

Customer Number Four comes in and says, "I have just so much money. Can I buy a pair of shoes for that money?" He is interested in the price, but all four are buying shoes.

Try so far as you can to get on the other side of the counter. Get the customer's viewpoint and find out without asking too many questions what the customer has in mind and what he needs. Previous knowledge of that customer will, in many cases, enable you to serve that customer in the best way, because you know what his interests are. You know whether or not he is working on a farm or in town; whether he is a minister or a laboring man. From your knowledge of merchandise you are able to talk intelligently and get the customer's viewpoint.

Mr. Chalmers, who was formerly with the National Cash Register Company, tells us that one of their salesmen who had been a most successful salesman, when asked the question as to the reason for his success, said, "Nobody can ask me a question about my commodity that I cannot reply to."

That is exceptional knowledge. I am not going to say to you that any one of you men or perhaps any of us can hope to take the large lines of merchandise most of us are carrying and say, "No one can ask me a question I cannot reply to." I would sincerely like to have the opportunity to talk to a man who thinks he can do that with assorted lines of merchandise. So near as you and I can come to that point, we are going to be successful. So far as we and our staff can do this, we are going to build up a following which is going to be pretty hard to get away from us. Customers like to deal with people in whom they have confidence. If you come down to-morrow morning to my store and ask me, "Do you think that chair is pretty well made and will last a long time?" and I say, "I think so," you will go away and say, "That is a poor fellow to be in charge of a furniture store, 'he thinks so.'"

I went into a store and saw a young woman put a leather handbag down in front of a woman and tell her the price. The customer said, "Do you think that is real leather?" And she said, "It looks like it."

"What is the idea in asking $3 for this handbag?" the customer inquired.

"Well, the boss marked it that way, and he gives us the deuce if we sell it for any less," was the reply.

That is the kind of people we expect to do business for us in our stores. If you have only one fourteen-year-old boy helping you after school, make that boy intelligent. Let the people in your community feel that when that boy tells them the things are right, they are right. Let that boy feel he knows what

he is talking about, so that next Saturday when they come down, he can look the customer in the eye and say, "Weren't those peaches that I sold you delicious?" Get somebody who will inspire confidence of your customers.

I walked into a store within the last few weeks. The merchant was one of those who realised the importance of the human element. A farmer came into the store, and the merchant asked him something about his child, and how the roads were. Then he said, "Well, Bill, what can I do for you to-day?"

You know, I like that. A lot of people say, "What shall I say to the customer?" I am not going to tell you that. Please the customer. If he wants to be slapped on the back, slap him on the back. If he wants to be "bowed to," bow to him. Please your customer. This particular man greeted his customer and said, "What can I do for you, Bill?" meaning, "I am here to do everything to serve you to the best of my ability."

The farmer said: "At last that old cookstove burned out. I have been fighting for a long time against buying one of those stoves, but I guess the 'jig' is up now."

"What sort of stove do you want?" said the hardware man.

"Look here, Tom, I do not think it necessary to ask me that; you know I cannot afford to spend as much money as some people in the world. The old woman has been doing with that stove for a long time and deserves a good one. You know how much money I have. I want to do anything within reason, but do not want to give more than I have to. It is probably the last stove the old woman is going to get. Better let you select the stove. You know better than I do."

I was thinking: "There is a man we ought to have before the people of the community to show them how to run their business. Here is a man travelling nine miles, and he asks him what sort of stove he shall buy and what he is to pay for it." No doubt that farmer had been dealing with the storekeeper for years and years, and he had found out that the storekeeper is honest. If the storekeeper said a thing was good, it was good; if he said it weighed a pound, it weighed a pound; if there was any mistake in serving in his establishment, he was always ready to back it up and say, "I am going to give you a square deal." That is the kind of confidence I commend to you.

You people in the large cities have not that sort of contact. I am not overlooking the man in the large city. In the hurry and bustle of trade, the city people have acquired the habit of shopping quickly. Those of you who deal with the rural customers are finding that the largest opportunity you have in the world is to render a service to your patron. If you want him to depend upon you, you must study your commodity so that you may be able to tell him what he may expect in service so that he may not be disappointed in your statement. The lack of it drives customers away. I would suggest that we analyze our merchandise, that we teach our salespeople to study because the sales person who can talk intelligently about a commodity takes very much more interest in talking about that commodity than the one who knows little of it. One of you knows all about shoes, and you push shoes; another one likes to sell furniture; another one likes groceries, and he sells groceries because he knows the most about them. Put the merchandise down before you. Ask yourself how it is made, what particular construction is there that gives an

advantage to that particular article. Know how it compares with other articles (not for the purpose of knocking the others, but for the purpose of talking intelligently about it). What goes to make money value? What will it do for the customer? Only the thing that it will do for the customer is the interesting thing.

In a city in Pennsylvania I made this kind of a statement before a body of salesmen and women in one of the large stores. A young woman came to me and said, "Mr. Irwin, I know you are perfectly all right, but I do not believe it is possible for a salesman or woman in the average store, particularly in the smaller, to be able to talk intelligently about their merchandise, or to give a customer the knowledge you talk about, because they have never been through the factory."

I said, "Perhaps your statement is right. I would not attempt to dispute it."

I just let it go like that, waiting for the occasion to present itself to prove my statement. Ten days later, when she had forgotten this incident, I walked into the department in which she was handling leather goods. I had my hat on and acted as a shopper. I walked up to the department, and said, "I want to look at these," and she showed me certain leather articles. I looked at them and said finally, "I am looking for something appropriate to send to a little sister."

The woman suggested this and that and the other, and finally laid down a little handbag, apparently of leather. I said, "What is the price?"

And she said, "That is $3."

Just to see what she would say, I asked, "Do you mean to tell me you have the nerve to ask $3 for that handbag?"

She looked at me a moment and said, "You do not know what you are talking about. That is made of the best quality of grain leather, and because of that a woman would get four or five years of service out of that bag. If that is not cheap service, I do not know what is."

I said, "It may be good leather, but the thing is poorly made."

Then she picked it up and showed me how carefully it was sewed and all about the construction.

"I think the metal on that will tarnish."

And she proceeded to tell me it would not.

I said, "That is a pretty poor fastening."

And she demonstrated the fastening.

I said, "All right, but if a woman will take that handbag and go walking down the street with her money and handkerchief and other things in it and the handle breaks, it is gone."

She said, "This handle is fastened on securely. Some bags have tiny rings, but this one has this advantage."

Then she opened the bag and said, "The inside would delight the eye of any woman." She showed me the fittings and all that went inside with it, even the advantage of the small purse.

I said, "Those that I saw were larger than that; this looks small to me."

She replied, "That shows you are not keeping up with the style. It has been a long time since a woman carried those big things."

Just to see if she knew all about her other lines, I examined another one and asked her the same questions. Finally I said to her, "Young lady, I congratulate you on the information you have given me. Have you been through the factory to get all that information?"

"No."

"Where did you get it?"

She laughed and said, "I guess you have me."

Look at the product from the customer's point of view—from the other side of the counter. Look at the product and see what it will do for the customer. Don't get your merchandise in and put it on the shelf and hide it. Bring it down as soon as you get a new product in. If you get a new product in, call your employees and say, "Here is something new. Come and look at it and see what you think of it." Tell them what the salesman who sold it to you told you about it. Be able to talk intelligently about your commodity. You will build up a following, and Mr. Mail Order House is going to have a hard time. Your patrons will say, "I do not know whether or not it is right when I read it in the catalogue, but if I buy from Tom Smith over there it is all right. If it is not all right, Tom will make it right."

Know what you are selling. So far as you can show every individual in your store the selling points of everything that comes in and let them talk intelligently. I am not going to say that is going to bring 100 per cent. success, but it is going approximately in that direction.

A traveller from this country was travelling in some foreign lands, and he tells this little story:

He started out one morning in search of a certain famous place he had heard a good deal about As he went in search of it, he met a barefoot boy, one of the natives. He said to the boy, "I am trying to get to a certain place. Can you tell me where it is?"

The little boy stopped a minute, then he looked up into the man's face and said, "Sir, I do not know just where it is, but this is the way."

I do not know just what your problem is, but this is one of the ways of attaining success, "knowing what you are doing and knowing your commodity."

FACTS A MERCHANT SHOULD POSSESS

BY G. FRYOR IRWIN

I am going to talk to you for a few moments about facts that merchants should possess. When I get through, some gentleman here is going to make this statement: "Irwin has been saying 'You ought to know all about things' ever since he has been here." The last thing I am going to say as you go out of the door is, "Go home and know all about your business."

I am paid by the State, the people, to go out and find out about the fellow who does not know all he should about his business:

I say, "Well, would you like to have something put on in this town under the auspices of the State University, which would help people to know more about their business?"

"No, I guess it is all right for some of these young fellows, but I have been running this business for twenty years. What do I want with it?"

Of course, you understand. You have to be a diplomat to meet that kind of thing, so I say:

"I understand you know all about it, no question about that, but one fact remains; no young fellow in this community is going to start to study things until some of you older and more successful men take an interest and promote it. Is there a grocer man in this house?" I "spot" his line, you know, whether he is a grocery man or whatever he may be.

He says, "Yes, here is one."

"What does it cost you to do business? I am employed by the people, you know, to find out. I see you have a lot of successful merchants in this town, so I would like to take some information to some fellow in the next town, who is not so successful, as to the proper cost of transacting business."

One I have in mind, as an illustration (this was in the grocery business), said, "Seventeen per cent."

"Aha, good, you are a good merchant. How do you get at that?"

"Well, I take my expenses and I take my sales; of course I do it that way."

"Sure, that is fine; that is the way to do it. What do you include in those expenses?"

"Well, everything that enters into the business."

"How much salary does this firm pay you?"

"You mean me?"

"Yes, you."

"Why I own the business."

"Sure, but how much does it pay you?"

"Huh, I don't charge any salary."

"Why don't you?"

"Why, I own it."

"Well, will you come over and work for me next year for nothing?"

"Why, certainly not."

"Why are you working for your own business for nothing? I would not have a business that would not give me a living. If it were but $12 a month, I would make it pay $12 a month."

This suggestion is from a grocer. I was in the city of Merkle at a meeting of the Grocers' Association. We put on a course of Store Management. I asked the grocer what it cost him to do business, and he told me. I looked away towards the wall and said, "It cannot be 'did'? So I went over to the grocery store to see whether or not it was correct. As I walked into that store, I noticed that his wife was standing behind the counter selling a customer some cheese. I went in the next morning, and she was selling some butter. I went in on Saturday, and she was putting some potatoes in a bag.

I said, "How much do you pay your wife? She is a pretty good clerk."

"Huh, you bet. She is a good business woman."

"How much time does she work here?"

"Half days every day but Saturday, and on Saturday she is here all day."

"Who takes care of the housework during that time?"

"Oh, a little girl comes in and looks after things a bit. Of course the wife is down only half days, so we manage to get along."

"How much do you pay your girl?"

"Four dollars."

"How much do you pay your wife to work in the store?"

"Why," he said, "It is my store, and she is my wife. She is as much interested in it as I am. I don't pay her anything."

"All right, that girl takes your wife's place, and you pay her $4. If your wife were at home and you had the girl here, you would pay her $4, yet you pay your wife nothing. I wish your wife were young enough to come under the Child Labor laws, but she isn't. I think if you appreciated your wife, you would pay her $4 anyway, to say the least."

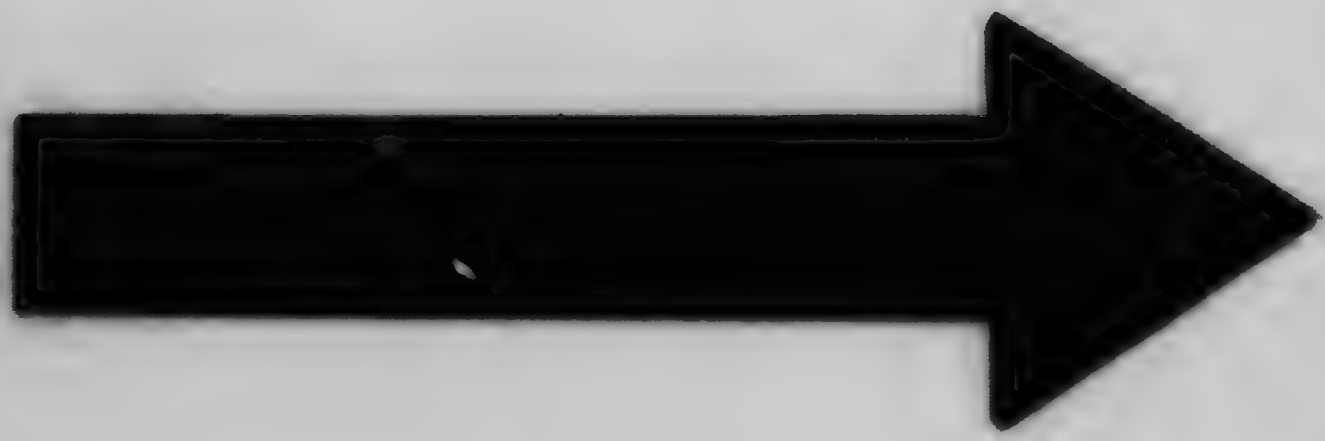
Things of this kind are exceedingly interesting to every business man. There are a good many people, I find, who have not yet found out that the fellow who marks his merchandise upon cost rather than selling price is still a long way from the base and takes an awful chance.

Again, there are a lot of fellows who, when you ask them how many turnovers they are getting, say, "Well, I don't know," or they tell you, "Five," and you find out that they are figuring the turnover the wrong way, mixing the sales and costs. They are mixing the two, and they fool themselves as well as you.

I shall not attempt at this moment to explain further, as we are so fortunate as to have with us at this hour the gentleman who is to address you. I shall simply close my remarks by saying that I believe there are so many facts that every man, large or small, ought to know about his business that I am going to take one session before this close of the course to give you in my humble way what I have found in investigations.

I am not an accountant, as my friends demonstrated this morning they were, but I have found certain things which are vitally connected with knowing how to run a business properly. I hope you are not frightened by accounts,

you men who are not accountants (I wish you all were; we cannot have too many of them), I am going to try to show at least by a few suggestions to some of you men who are compelled to be your own bookkeeper, your own porter, your own salesman, and everything else, that there are a few things used by merchants to-day which are telling them exactly how much it costs. There are a few ways in which you can determine exactly what you are making, if you conduct your business properly. Now, these are not wonderful theories —are not "up on the ceiling, but right down in your path." Some of these things are of so much importance that I hope within the next few sessions to be able to take them up and talk for a few moments about the things a man ought to know about his business—what should enter into cost, how to mark the goods as a result of that, and the things he ought to know to successfully control his business.



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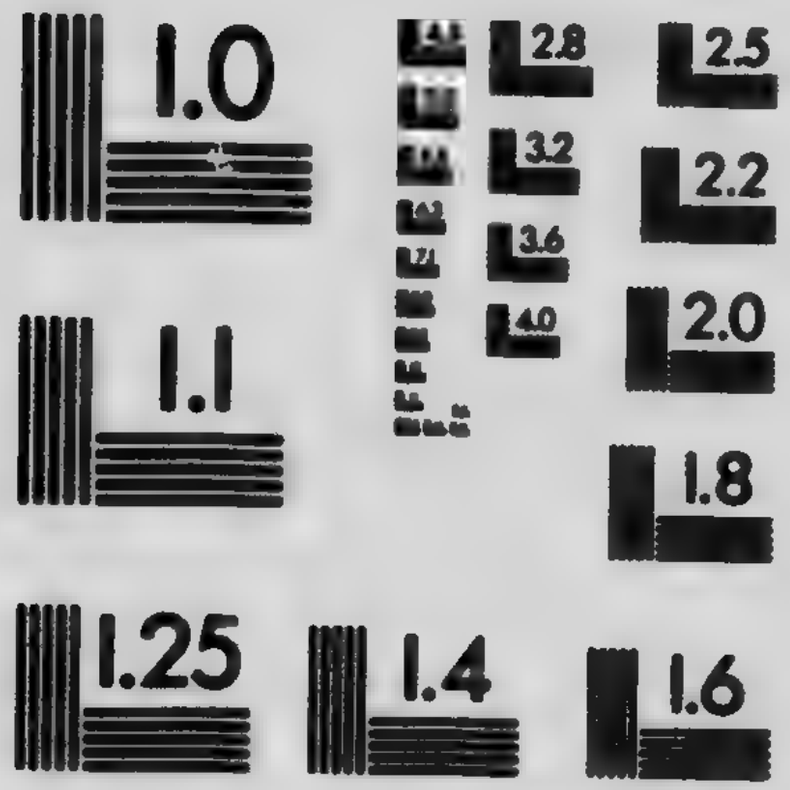

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INCREASED SELLING EFFICIENCY—WHAT IT MEANS TO YOU

BY FRANK STOCKDALE

I would just like to follow the thread of thought brought out by the chairman of the meeting. "Increased Selling Efficiency," what it means to you all, what it means to the United States, what it means to the world because increased efficiency of the people at home increases the efficiency of the boys at the front. I am sorry to have to say to this audience, however, that both in Canada and in the States it has been brought to my attention on several occasions that the sales people who stand behind the counters at the present time are in many cases not living up to their obligations to themselves and to their firms and to the country. In other words, they do not realize the responsibility of their positions at the present time and to put it in plain terms, they are slackers, nothing more and nothing less. Down with us, we talk mainly about building ships and producing food, but the problem of food and ships touches every other problem in the United States and in the world and the efficiency of our stores and the loyalty of our help and our own loyalty has just as much effect on the production of ships and food as has the loyalty and the energy and ambition of the people who are engaged in the immediate task of producing ships and producing food. If there is one great lesson this war has taught us, it is that the interests of the men whose interest we thought meant nothing to us comes right back to us every time. No matter what they may do in Russia, no matter what they may do in Europe, just as soon as they do it, we feel the effect of it right here. If the wheat crop is short, we feel the effect when we go down to the grocer to buy a sack of flour, that is in normal times; if the wheat crop is large, we feel the effect of it, and so it is with everything in the line of food and the line of ships.

It is brought home to us time and time again what the actions of a few people on the other side of the water mean to us. And if there is one thing that causes pride, and I am including in this Mr. Irwin with myself, it is the fact that we can come to Canada and have the people feel that we are brothers in the same cause.

Now this series of meetings has two or three purposes pretty well defined, and so that all may understand I want to remind you of some of them. In the first place, this series of meetings accomplishes its purpose if it causes you to think, if it starts your mental machinery in operation and maps out objects along which you may progress; in the second place they are designed to remind you of a lot of things that you already know. Those of us who are responsible for the platform end of this meeting realize that the best thing we can do for you, ladies and gentlemen, is to remind you of things. That is one of the principles in advertising and education, to remind people of things that they already know. We are forgetful; there is one thing that you can depend upon and that is that the public has a short memory. Now you can use that in

your business. I am using it in regard to these talks, but it is a cardinal principle in promoting your business to remember that the public has a short memory. I want to write that down on the board, "The public has a short memory." That is one of the fundamental principles of increased selling efficiency. One of the best examples of that fact is found in the speeches of Lloyd George and Woodrow Wilson. While we cannot keep in mind all the time just what this war is about—I know that is absolutely the case with us, we begin to get lost in the details and we get thinking of those Russian revolutionists, and we get thinking of that Italian campaign, or we get thinking of this or we get thinking of the other thing—Lloyd George and President Wilson come along and remind us. They just keep telling us the same thing, practically the same thing, over and over and over again. Why? Because they are great advertisers, they are great salesmen; they know that we are forgetful people and so they come along and re-state the war aims. How many times have the war aims already been re-stated. As long as that war goes on we will be restating the war aims, and as long as you are in business you will be re-stating a whole lot of things.

One of the things about increased selling efficiency we must never forget is that the human beings with whom we deal, their nature is the same, yesterday, to-day, to-morrow and forever as far as we know. We had a great debate on in Chicago between Clarence Darrow and one of the professors from the University of Chicago. They were debating whether the human race had made any progress in the last 2000 years. It was a real debate. There is something to be said on both sides of the question as to whether or not we have made any progress, but we do know that human nature remains the same, animated by the same ideas. Take the automobile, for example. You hear people say that advertising has created a demand for automobiles. No, advertising did not create a demand for automobiles, that demand has existed from the beginning of time almost. What is the demand for automobiles. The demand for automobiles is the demand of people to get from one place to another place in the shortest possible time and that demand is not satisfied yet. Right now the Insurance Companies have come out with a rate of insurance for aeroplanes engaged in commercial service. A definite rate of insurance has been established for aeroplanes engaged in commercial service. We are still demanding quicker and quicker transportation, and if you have anything that will help people to get from one place to another in less time with less effort, the demand is already there. All you have to do is to remind them of the fact and show them that you have something that will satisfy that demand.

I want to go back, however, to this matter of loyalty. At the present time loyalty means so much more than it ever did before. That, I want to emphasize. The loyalty of every man who stands behind the counter as an employee, and I want to pass it on to the employers, to remind you people that their loyalty is broader than their loyalty to you; their loyalty to the retail people, their loyalty to their district right now is patriotism of the very first grade.

Now there are two things about selling efficiency. One of them is to have loyal sales people. But that does not solve the whole problem. We must have not only people who are willing to do things but people who are able to do things. I am going to give the remainder of the time of this dis-

cussion to the increasing of selling ability. Our friend Mr. Irwin has an uncanny aptitude for getting down to the bottom of things and dealing in fundamentals, and one of the fundamentals that he dealt with this afternoon is the fundamental of the use of merchandise; that selling is explaining and elaborating the use of the thing that you are trying to sell to the customer. I would like to just dwell upon that and add to it a little emphasis by saying that the thing you sell is not hardware, it is not jewelry, it is not groceries, it is not clothing, it is not shoes, it is not dry goods, but in the case of shoes, it is shoe satisfaction, in the case of hardware it is hardware satisfaction, in the case of groceries, it is groceries satisfaction or appetite satisfaction, and that appetite and that satisfaction varies. One man comes in and he wants comfort satisfaction in his shoes; and another man wants style satisfaction in his shoes; another man wants economy satisfaction in his shoes; and some fellow comes along and wants them all. There is a firm selling clothing down in Chicago and that puts a little card in each suit of clothes or overcoat, or whatever it happen to be that goes out of the store, and I want to read you that card. "In buying these clothes, our understanding is that you have paid," for high-class tailoring? No. All wool fabric? No. Up to the minute style? No, not that—"our understanding is that you have paid for satisfaction. 'Satisfaction,' we want to be sure that you get it. If you are not wholly satisfied with the goods now or at any time later, we want you to let us know promptly because we want to make right anything that is not right." How is that for a creed? Pretty good sized business built on that. I tested them out. They do just what they say they will do. That is a test of any policy; a policy is not worth much unless it is carried out. Our advertisement that we would start here at eight o'clock, that we start at two o'clock would not be worth anything if we did not do it. So the people buy "satisfaction" and we want to keep that in mind always. Also that the public has a short memory. I told you before that the public has a short memory, and I repeat it to you again that the public has a short memory. I am employing the tactics of advertising now. The advertisers realize that the public has a short memory and so they just keep reminding the people. Down in the States, Ivory soap is pretty well advertised, but do they quit advertising? No. They still insist that Ivory soap is 99 and 44/100 pure and they also insist that it floats; and then, once in a while, they come along and in one of these advertisements they put another and re-state all the claims they made years ago about Ivory soap, how it is made, why it is pure, what is in Ivory soap, what Ivory soap will do, re-state it, because "the public has a short memory."

With these points in mind now, I want to go into the matter of closing the sale. One gentleman suggested that I elaborate a little on this point and I am going to do it. My main mission among retail merchants is not to talk retail salesmanship. There are about six other divisions, at least, five other divisions which are enough for me and retail salesmanship has been receiving more attention from the people that have been talking to retail merchants than almost anything else. I want to explain to you briefly why. I meet merchant after merchant who would rather I would get busy and tell his salespeople what to do and where to head in and so on than anything else in the world. That is what they want a lot of them. There is a good demand

for it, but what they want and what they need are two things. Whenever a merchant does not have trained salespeople and you want to find out the real reason, go back to the merchant himself. And so, while I may be going contrary to the one idea in salesmanship that we sell the people what they want and not what they need or what they want and also what they need, I have been endeavouring to try to make them want the things they need most. But I do want to tell you something about this matter of closing the sale that I have gleaned from interviews with top notch sales people. When I was in Toronto about three months ago someone sent in the query, "Is there any scientific method of knowing when to close the sale?" I had to acknowledge that if there is I never heard of it. I have been asking this question of a number of people, and they have thrown very valuable sidelights on the proposition of closing the sale, and incidentally, on salesmanship itself. The first man I asked that question was the head salesman in the Adams Furniture Company in Toronto. He didn't answer me directly, but he said, "Do you know the hardest man in the world to sell to?" I confessed that I did not. "Well," he said, "the hardest man in the world to sell to, or a woman either, is the man or woman who comes in and you start showing merchandise to them and telling them the merits of the merchandise, giving them the selling talk, and they just stand there and look and won't say a blessed word." That gave me just a slight idea of what was the matter in this matter of closing a sale. The next man I asked the question said, "Do you know the reason a lot of people do not know when they reach the closing point," that is, assuming that they have intelligence enough to know if it were under the right conditions; of course there are some people who just aimlessly go right by the selling point when all the signs tell that the selling point is there; of course people who are not intelligent enough to judge when they have reached the selling point when the customer tells them as plain as he can that they have reached it—well, there is no hope for them. They do not belong in the realms of salespeople at all; their jobs will be bundle wrappers, perhaps, and cashiers, perhaps, to the end of time, unless they happen to be in a store where they have regular bundle wrappers and cashiers and then they become assistants to bundle wrappers and cashiers, and we have in our stores a lot of assistants to bundle wrappers and cashiers; they stand at the counter and give the customer what the customer asks for and what the customer sells to himself.

But salesmanship, of course, is influencing the minds of others. But one of the things that keeps people from knowing when they have reached the closing point is that they talk too much. That was what the next salesman told me. He said, "A lot of people just talk too much in making a sale," and then I went back and I said, "There is the answer." The man in Toronto said that the hardest man to sell was the man who would not talk. There are two times then that it is hard to know when you have reached the selling point, when the customer won't talk and when the sales person won't let him talk. In other words you do not know when you have reached the selling point unless you can get some expression from the customer unless you are a mind reader. If you are a mind reader, alright, you won't be asking any questions anyhow. But salespeople talk too much; some of them do not say any too much, but they talk too much.

Now you will be interested in this man's remedy for the situation when he gets a customer that won't talk. He has a little strategy of his own and it works fine. When he finds a customer who won't talk he just shuts up like a clam himself and proceeds to show merchandise and he stands pat on that too. I was very much amused down in Coffeyville, Kansas, just last week. A retail jeweler, who had a right angle on it, said, he had a man come in to buy some piece of jewelry and he said he stood pat for thirty minutes and finally went out of the store and he lost two customers in the meantime. Now that is the exception rather than the rule. The average individual will come across. The "Hub" in Chicago, on their suit floors—remember that this salesmanship applies to selling the larger items, not the smaller items, you are not going to give the time and attention to the smaller items and they are sold without so much selling argument—but on the suit floors of the "Hub" in Chicago—they are said to be the biggest clothing firm in the world, exclusive clothing and furnishing store in the world—they have a distinct policy that when a customer comes on the floor, the sales person approaches the customer, perhaps passes the time of day with him and then waits for the customer to speak. I know that to be the policy of the firm because during my two years with System magazine I came in contact with an investigation that was being made and I found that these principles were the policy of the "Hub," and so I went up one day to test them out. The sales person came up and he passed the time of the day and then he stood in an expectant attitude and I tried to assume an expectant attitude too, but I lost out. I lost out. He had the best of me. He was there first. I was on his premises; he had the drop of me and I could not do anything else, I either had to turn around and go back down the elevator or tell him what I wanted, one or the other, so I told him. But the fact is, in order to know when you have reached the selling point you have got to get the customer to talk back. We are not always able to size up the customer and to know whether he wants comfort in his shoes or style or whether he wants wearing qualities or economy unless we can get him to say something. Of course, I know some people who try to size up the customer and do it fairly well, but you must not go too far, and whenever you decide you can size up every customer, you have gone just a little too far. A man went into a furniture store, his daughter was coming home from school and he wanted to buy a bedroom suite. He was a farmer and he went in in his everyday clothes, and the clerk was showing him the bedroom suites along the row starting in with the very lowest and the customer did not seem to want to look at these bedroom suites and so, as they passed along, the customer saw a very fine suite off to one side, and he turned to look at that and said, "What about that suite over here?" And the sales person said, "Oh, you would not be interested in that," and he was not. He was not; he went out and bought his furniture somewhere else. So we cannot always size up the customer every time as an individual; it is a mighty hard proposition.

And then there is another thing about talking too much. If you do all the talking, you are going to talk some point and dwell on it perhaps that is not interesting to the customer at all, and finally you are going to raise some points to which the customer objects and then you are spoiling the sale instead of getting results.

In addition to that, when you do all the talking, you are likely to go right past the selling point, just like a man going through a town; he is liable to start from a point ten miles out here and go to the town and go right through and keep on going and in a short time he is just as far from the town as he was before, and a lot of people after they have talked ten minutes, are just ten minutes away from the sale, just the same as they were when they started.

There is another weighty suggestion, and that is keeping the customer in line until the sale is made. It is a very poor time to talk about the weather or the war or anything else when you are making your sale. How many sales have I seen, actually seen, killed because after the sale was started in a right direction, the sales person began to talk about something to one side.

Another thing that I have seen so many times, and that is when a customer wants to turn away from one article to another, the sales person just holds him right to an article he does not want, it is quite evident that the customer does not want the article, but the sales person just stays right with it because he has made up his mind that that is what the customer ought to have, when the natural thing is to work along the line of least resistance.

Now there are, of course, a lot of sales people who give up too soon. I know a number of travelling salesmen who have this pernicious habit. They start in and they explain a line of merchandise or an article of merchandise and they work pretty well up to selling point and before they close the sale, why, they just jump right off to another article and start in on that. How many times have you seen that done? How many times have you done that in your own store? Jump right off an article in which the customer is interested before he has finally decided about it and put it to one side? Either close the sale or dispose of the article.

You must remember that in all this selling business that the customers—everybody, of course is included in this—have single track minds. Only one idea can flow at a time. They can only be interested in one thing at a time, and when you take their interest away from one thing and put it on to another they lose their interest in the first thing and have their interest in the other thing. They cannot have their interest centered in two places at the same time. Do you find successful salesmen putting out a lot of merchandise or a limited quantity of merchandise? A limited quantity of merchandise always. I know a salesman for a dress concern in New York whose firm furnishes him around eighty sample dresses when he starts out on the road. When he gets these dresses he goes through them and he selects. How many do you say he selects to take with him on his trips? A dozen, that is what he takes to his hotel with him, twelve. When he goes out to see his customer, he takes four, and the bulk of his business, 75 per cent. of his business is done with four dresses out of eighty, and he is the head of the list as salesman for that concern. He uses four samples and sells more goods than anybody else in the employ of the firm.

Now there is the matter of suggestive selling that has already been suggested to you. One of the things that sales people can do and one of the things that will increase selling value is what is known as suggestive selling. I was talking to a man in the furniture business in Winnipeg to-day and he gave me

a point in suggestive selling in display and I would like to pass it on to sales people to-night. His suggestion was, or his point was, that his merchandise was mixed considerably, that he had curtain goods around in other parts of the store than the curtain goods department, so that when someone was buying a bedroom suite they would see the curtain goods and the other things that belong to the bedroom and it would suggest to them.

Now this matter of suggestive salesmanship can be carried quite a way. Of course, we want to be careful that we do not take this matter too literally. I know a young man who went into a Men's Furnishing Store and he was just new to the business and nobody had ever given him any instruction, but he was energetic and he was progressive and wanted to make all the sales he could. He had read in a business magazine that another young man had adopted suggestive selling and he had read the story of how he had sold a man three shirts and half a dozen collars and then the man turned to go away. The sales ostensibly were at an end and the young man said, "We have some new ties just come in and I would like you to look at them," and said, "Isn't that a beauty?" And he sold the man three neckties before he left the store. This young man grabbed a hold of this idea and said, "That is a great idea," and he began suggesting neckties to everybody that came into the store. He took this illustration literally. Now, we have smiled at this young man, but I cannot bring myself to the point where I can really say that I have got very much the best of him. I find myself continually taking the literal translation of a thing, and you are liable to find that in this business short course here. You are liable to say now, because that man downstairs this afternoon trimmed a window with dry goods, that there is nothing in it for a grocery man, and nothing in it for a jeweler, and nothing in it for a hardware man, and if you take that position I want to tell you that you are just in the same class exactly as the man who took the ties, exactly. He took it literally, but this finally came to a climax. One or two men mentioned it to the proprietor and he was going to mention it to the young man but the young man was doing pretty well. I want to tell you that while he was getting off the track a little bit, he was selling ties and he was increasing his sales. He was making mistakes in the plan but he was progressive enough to adopt it and to do something. I want to give the man credit or the woman credit who will go ahead and do something. I am very suspicious of people who do not make mistakes. If I get acquainted with a man and know him very well and he does not make any mistakes, why, I begin to watch him pretty close, and if I had in my employ anybody who did not make any mistakes, ostensibly did not make any mistakes, I should begin to watch him pretty soon. You want to look out for the fellow who does not make any mistakes. Get a Secret Service man after him right away quick. The point is that he is making mistakes, but he is covering them up because everybody makes mistakes. Now this young fellow made a slight mistake, but he was cured. A young man came in one day to pay a bill of six or seven dollars, I do not remember the exact amount, and practically all of that bill was for ties, but the young salesman did not know it. You know the test. He suggested ties. When that came to the attention of the proprietor, he came back to the salesman and explained to him that the man who suggested ties in the story in the business magazine suggested ties because the other fellow bought shirts and collars.

That principle would apply in a hardware store or in a clothing store or in a dry goods store or in the grocery store, any kind of a store. For example, in a grocery store—the grocers complain quite often that we do not say anything for them, so I will use a grocery example here—If you sell a woman a pound of tea in the Summer time when it is ostensibly for iced tea, that is a good time to suggest lemons, and when you sell the lemons then follow that up by suggesting grape juice because grape juice mixed with lemonade is a fine drink and you can go on indefinitely, one thing suggesting another and the use of things in the appeal to the appetite. I do not know of any class of advertising that has been raised to a higher plane than the advertising of food products. They certainly get it right. If you want to know how to sell food products, ladies and gentlemen, study advertising. There is where it is. You get one of those pictures of a "Ham what am" in natural colors, and the result of that is that you set whoever looks at that to yearn for satisfaction. I was just looking at some advertising of shredded wheat biscuits. I saw nice strawberries in natural colors on those shredded wheat biscuits and I saw peaches in natural colors on the shredded wheat biscuits. Were they creating a demand? I think so. I think so. The very fact that the Shredded Wheat Biscuit Co. of Niagara Falls has sold more wheat in a wheatless area than they did a year before is testimony to the fact that the advertising hits the point, and there is a chance for any sales person to get some real information. Grocers think they do not have anything to advertise. The average grocer advertises nothing but price, the average retail grocer, and then we turn around and see the best advertising in America on that class of merchandise so far as I know. I do not know whether the advertising men who are specialists in that will back me up in that or not. Do you agree with that?

Mr. Kuhn—Yes, I do.

Mr. Stockdale—The information that is to be found in the high class appeal; in the advertising of food products arouses the inclination.

Now there are one or two little points in regard to selling I want to discuss very briefly. One of these is, after the customer has bought what the customer wants to buy, what he comes in to buy, there is just one thing. There is one expression that I hear so many, many times. If you were to ask me what was the worst expression that I ever heard a sales person give utterance to, I would say, the idea is found in these words, these three words, "Is that all?" What if I were to stop here and say "Is that all?" When I take that home to myself I feel stronger than ever on it. Whenever you say, "Is that all?" you say to the customer, "I am through." "If you want to buy anything, just go ahead and buy it." That is what you say, isn't it? "Now if you want to go ahead and buy it, just go ahead, you are at perfect liberty to do it." They knew that before. "Is that all?" You immediately pass the initiative over to the customer. The customer has to take the initiative again. Now that is all right when they come into the store the first time and there are certain circumstances under which it is better to let the customer speak first, but after the customer has spoken first there are times when it is your turn to talk and that is one of them. "Is that all?" "Is there anything else?" We had a few expressions that were a little bit worse than that this afternoon, reference to them by Mr. Irwin, when the sales people even went further and suggested that the customer did not want the thing at all. That

is not salesmanship; we are not talking about salesmanship when we talk of people who take that attitude. They are influencing the people's minds against the goods instead of for them and salesmanship is influencing the people's minds in favor of the goods.

There was another point brought out recently in regard to salesmanship. Now, of course, someone is asking what are you going to do in the average store in the country? We have got a lot of merchants here from the smaller town. They will say a merchant in a small town cannot wait for the customer to speak. Now I think that is right. I think that is right. Don't take it literally—if you are going to follow out what the Hub in Chicago did—don't remember the necktie salesman right now—don't take it literally—if you are going to follow out what the Hub in Chicago did, what was the Hub trying to do? Have you got what the Hub was trying to do? Have you got it? What they were trying to do was to get the customer to talk. Now you are not going to use the same strategy to get the customer to talk in the smaller towns. They expect you to say something to them, pass the time of day, and expect, if the man happens to be a livestock man, raises fine cattle, he expects you to say something about those cattle. And if he is a grain man he wants you to ask him something about how the crops are coming on, or something of that kind. He expects that and that is the thing to do and under those circumstances you do not have any problem of getting him to talk back.

Now there is another thing. Supposing I were waiting on a customer here and another customer came through the door, I said, "How do you do, Mrs. Jones, I will be through in just a minute," the chances are I will, be through in that time. How many times have you heard sales people saying that. "Just a minute, Mrs. Jones, I will be with you shortly." Mrs. Brown on the other side of the counter feels then that she is infringing upon the time of Mrs. Jones and my own and rather than do that she will go somewhere where she won't be infringing upon anybody's time. The number of customers I have seen driven from stores for the very same reason. I want to say—we have a sprinkling of ladies in the audience to-night—I want to say that women are coming into there own in salesmanship, including advertising. Some of the best retail advertisers I know are women. One I have in mind right now is the advertising manager of the Emporium in San Francisco. That is a store that has made wonderful strides, with as high class advertising as I have seen anywhere, in the last three and a half years. Of course, at this particular time, women are supplanting men in many places and salesmanship is one of them. There are more travelling sales ladies to-day than ever before. They are coming along rapidly, in fact they are coming along so rapidly in some sections of the country that down in Texas not long ago, a group of travelling men were talking of organizing to combat the evil. The street-car men of St. Louis are on strike this week and their strike is directed against the women employees. That is bad enough, isn't it? The women are proving themselves better students in our schools. As a rule more of them are going through with the high school course than men and they are proving themselves mighty good students of salesmanship. There is too much—I do not know whether it is up here or not, but down in North Dakota,—there is entirely too much rummy being played on the road by travelling salesmen.

I want to give you an illustration. I happen to have a salesman on the road myself selling a most intangible product. He made up with some other salesmen down in Oklahoma not long ago and it was during the world series, baseball, and they got to talking about the New York Giants and the Chicago White Socks and the man who works for me did not have much to say and they began to ask him questions. They were fully absorbed with the topic of the world series, it did not make any difference whether they sold goods or not. I am talking about this because travelling salesmen and salesmen behind the counter are not essentially different. They were talking about the world series and they began to ask my man if he knew certain players on the team and he said "No, I do not know them," in fact he did not care anything about baseball. They were very caustic in their comments; he was a rube for sure because he did not know that and they made it plain to him. But he is pretty good with the come-back and he says, "You ask me who is the manager of the Giants and who is the manager of the White Socks; let me ask you a question—Who is the Editor of the *Saturday Evening Post* and who is the Editor of the *Collier's Magazine?*" Neither one of them knew. Then he said, "I would just as lief be known as knowing the editors of the *Saturday Evening Post* and *Collier's Magazine* as to know who is the Manager of the White Socks and the Giants." If you want to know what is wrong with salesmanship, that is one of the things. We are interested in everything else except our business and things that pertain to our business. We refuse, absolutely refuse mind, to use our heads. As I said this afternoon, education is about the only thing laying about loose in this world. A man can have as much of it as he is willing to haul away with him. I want to modify that—that is one of Morgan Gray's statements—I want to modify that. some of us are willing to haul away more than we are able to haul; I am one of them. It is one thing going around the country talking to meetings like this, meet men in their stores, look over their advertising and books, meet the sales people and everything like that and then to be unable to carry about real right down information.

We must get interested in our business, and one of the reasons that we are not interested in our business is because we have not been given a start, and one of the reasons why your sales people are not interested in your business as they ought to be, is because you have not led them out in the right direction. I am going to spend just a few minutes on that. "The public has a short memory," I hope you will not forget that. I am going to put on here a few sources of information for sales people and advertisers. The first is "Study the use of goods by your own family." We should take our own experience into account in buying. One of the great troubles in this whole matter is that we think that the ordinary common things do not go, but the most successful advertising campaigns are based upon, and the most successful salesman, is the man who uses the most ordinary sales arguments. He does not get up in the clouds. He keeps both feet on the ground and he just reminds the people of the things, a great many things they already know. Even it is obvious that a person can see in the merchandise what it is, he just reinforces that and makes it solid; clinches it by telling them what it is. If it is obvious that the suit that he is showing is warm, he will say it is warm. Don't take anything for granted. Remind people; remind them and reinforce their

interest. They are sometimes in doubt. I want to give you an illustration of what I mean by being more or less in doubt. Do you know the reason why so many merchants overload themselves in buying merchandise? I want to tell you. A man comes into their store to sell. He has conviction in his mind and they have doubt. The merchant has doubt in his mind and whenever conviction meets doubt it is good-bye doubt if the man has any personality. The reason that you overbuy and buy the wrong things and go astray on this matter of buying is because you never make up your mind definitely that you do know what to buy.

Coming back to this, "Study the use of goods by your own family and by yourself." If you want to know how to sell dresses for a little girl, ask your wife about your own little girl or the little girl in the neighbour's family, ask her what she wants in a dress for a little girl and very soon you will find out. I have asked a number of audiences what kind of information does the customer want, what does a woman want to know about a little girl's dress, for example a wash dress. We will make it specific. What does a woman want to know about it when she buys it. She wants to know if the colors are fast, she wants to know if it will shrink, of course, she always wants to know the price, and, surprising, as it may seem, she wants to know if it is hard to iron. Whenever you have anything to sell that will save people any labor, don't forget to mention it. You can figure on it that everybody is trying to get through this world with as little effort as possible to get desired results. You can bank on that every time, that is a trait of human nature. They want to get all they can for their money. That is another thing you can bank on; but if you will study the use of goods for your own family you will begin to find out some of these things.

There is another thing, "Study manufacturers' literature." Manufacturers usually have an idea why they are making a product and who they are making it for. Some of them don't, but they don't get very far. Those who stay on the map know. Now, of course, some people will say no man behind a mahogany desk in New York or Winnipeg or any other place can tell me how to sell this merchandise, but those people who have specialized in that merchandise know at least something about it. And if they have carried on a successful advertising campaign they have found the right selling arguments. Put that down in your hat, they have found the right selling arguments if they have put over the sale. Whenever a manufacturer makes people come into your store and ask for goods, the manufacturer, some corporation, somewhere in co-operation with some advertising man that you never heard of and may be never will hear of, whenever they can exert such an influence over customers that they will go to your customers and make customers come into your store and buy goods, when you know deep down in your heart you do not dare to talk substitution to them, you can put it down that they have salesmanship. They have put over the sale, that is all there is to it, they have put it over and they have sealed it up so tight that you cannot break it. That is happening right along because they have got the right fundamental selling arguments and they get right after them.

Down at Atlanta, Georgia, not long ago, I found a man selling high-class candy, and he was putting out some mighty good literature with it, and so I asked him to analyze the appeal of his candy, fine chocolate candy put up in

very fine boxes at Christmastime, or in work baskets, colored boxes and so on, one of the boxes costing as much as the candy. "What is the appeal for that sort of merchandise?" There are a lot of young men who ought to be able to answer that question off hand, none of you are so very old that you should ..ve forgotten this. "What is the appeal?" I asked this man who was the head of the co.ncern, the man who was making it go, the man who was selling it, and he said, "People buy that sort of candy to make an impression," and then he backs up his suggestion by getting out some mighty fine advertising literature which was really artistic and then he puts such things as this on it, "Don't write p.ems, give her these exquisite candies." "The box charms and delights from the moment the box is seen till the last piece is gone." "From the moment the box is seen," that is getting the key to it. He is selling boxes as well as candy, he is selling fancy ribbons and art as well as candy. How many of you are selling things that the people buy to make an impression. Those of you who are selling millinery will know what I mean, especially those Caro hats. Why, one of the big things in most merchandise that is sold is the impression it makes on other people and so if you keep that thoroughly in mind, you will be able to increase your selling value. If you can make a woman think she can make a good impression in that suit, that suit is sold at a good profit, and that is a lot better than to put it in a clearance sale, isn't it, at a price? I was talking to a man the other day and he said, "I bought a book on merchandising and paid $10 for it." I said, "You certainly believe in business literature," He said "I found one idea in that book that was worth more than $10, just one little idea, and that idea was this, 'The time to sell goods is in season'" (laughter). He was thinking of profits. You can get rid of them if you make the price right; but that is not the only thing, just to have them come into your store and go out. That is not what you are there for. You are there to get a profit out of them as they pass through and you cannot do it on clearance sales. I want to elaborate a little sometime on this matter and why this clearance sale is such a big problem with you. That would be interesting wouldn't it, if we can get any light on the subject? How many merchants give away their profits at the end of the season, all of their profits?

Manufacturers' literature. Here is another firm up in Worcester, Mass., selling rugs, and they do not depend on what they know about rugs, they send out and get the advertising of all the people who handle their rugs all over the country. They had a prize contest and they get the best advertisements of the best dealers in the country and then they put them into a big book of which this is just one page showing the exact advertising and they evidence the practical tendency of manufacturers. They are in contact with merchants until they know what the selling points are. They do not try to sell a man a rug for his office in the same way that they try to sell a woman a rug for her home. They create confidence in their rugs by telling people how to judge rugs. You can look at a merchant's advertising in many cases and tell just about the character of the store. You will know just about the as same as you do when you meet his sales people. But I must pass on here rapidly; I want to give you another suggestion or two. I was going to say "Study travelling salesman," I cannot put it that way, but a lot of valuable selling information is to be had from travelling salesmen. How many of you

are too busy to see travelling salesmen? I want you to take that question home. The man who is too busy to see travelling salesmen and to get the information they have for him is usually too busy to succeed. Do you know that many people fail in the retail business because they are too busy, that is the big trouble, they are too busy, that is the big trouble, they are too busy. I will just put travelling salesmen on the board to remind you.

Another source of information is to watch sales people sell. Study your own sales people. Your own sales people can give you a lot of good valuable information, but don't call them up and ask them for it. That is wrong tactics. Whenever you call a sales person up and ask him about the selling points of a piece of merchandise, they fall into exactly the same attitude that you do when you come to write an advertisement, and that is bad enough, isn't it? They don't know where to start. They think you want something extraordinary, unusual, sensational and never heard of before, instead of the basic facts about the merchandise. That is what they think, and they have to talk to you in general terms, it is hard to be specific. But no one wants that sort of information. They talk in general terms and you do not get anything. But if you will listen to them when they have a good hard customer on the other side, a customer that demands information and listen to them give out that information then you will get some good selling points, because, while in so many cases the sales people do not have the information about the merchandise they ought to, some of them are pretty good judges of human nature, and sales depend upon bringing together the customer and the product. The product must fit the customer and the customer must fit the product. I do not know hardly which of these you can get along best without, but I do know that the sales people who know human nature can get by with a very meagre lot of information about their merchandise and if I were to take my choice I would say that the man who knows people can come nearer selling them than the man who simply knows merchandise and does not know people. But the man who knows merchandise and also knows people, is the real salesman.

Another source of information is "Mailing Catalogues," the best text-book on retail selling that was ever published. The highest priced help have written them and they have extracted all the advantages which the merchandise may have in order to cause people to buy goods without seeing them and lay down the cash before they get the goods. Without going into the policy of mail-order houses, I would like to suggest that the descriptions that mail-order houses give of their merchandise constitute the best descriptions that in my limited experience I have found for a retail man. Of course, these catalogues have gone up 100 per cent. lately in price, these text-books on salesmanship and advertising. Formerly you could get them for a one cent stamp on a postcard and now it takes two cents, but they really sell the merchandise and if the sales people and proprietors of retail stores would sit down and analyze the mail-order catalogue, they would have a real business short course all to themselves, a mighty good one. If I could write descriptive matter as they can, I would not be talking to you to-night. I had a little experience—well now, I have talked long enough—thank you (go ahead). I will give you just this one illustration. In the first place, I have sold goods, actually sold them, just by reading mail-order house advertisements. I happened to be down in a little town of about 3000 people in Oklahoma, a year and a half ago.

It was on a frosty morning, the frost had just began to come into the air and I picked up a mail-order catalogue and took it over and began to read an advertisement, and I am going to read you from the same page, the same advertisement. Now, notice the simplicity of this. Notice the directness of it. Notice how specific it is. "There are eighteen good reasons why you should have an oil heater in your home. It does its work quickly and cheaply, easily moved about, perfectly safe." Now any one working in a hardware store, if you want a real selling talk on an oil heater, you have got it there in a nutshell. "It does its work quickly and cheaply, easily moved about, perfectly safe." Now listen to the reasons:

"1 Saves getting up in a cold bedroom.

"2. If you like to sleep in a cold bedroom, that is no sign that you like to undress in one. Take the chill off with an oil-heater.

"3. If your bathroom happens to be chilly, nothing else will compare with an oil-heater.

"4. Is your kitchen cold in early morning? Light your oil-heater and you have heat instantly, no waiting.

"5. When your range gets the kitchen warm, turn out your oil-heater.

"6. You may not blame children for hating to go to bed or getting up in the cold. Best of all, an oil-heater is perfectly safe, a child can light it.

"7. How about that cold room far from the furnace or heating stove?

"8. No need to have frozen water pipes, an oil-heater costs so little for oil and does the trick. Saves plumber's bills.

"9. Your older children need a quiet place to study their lessons. Why is it that the quiet room is always cold? Give them an oil-heater.

"10. A frozen auto radiator means a big bill for repairs. An oil-heater will save draining and freezing.

"11. For things in your cellar that freeze and burst. Think of the time and money wasted all for a few cents worth of oil in the oil-heater."

Now there are eleven reasons, there are eight more which I shall not read. Now how many of you will seriously consider this matter. Who would like to have literature on an oil-heater next fall, hold up your hands. Eight hands. Now the hardware man didn't see all your hands. It would be unfair to the grocer man to sell hardware here and not sell groceries but the first time I ever read that ladies and gentlemen I sold for immediate delivery three oil-heaters to a group of people not larger than on that side over there and I got five prospects. The hardware man was in the audience and got the prospects. In some cases I have had as high as 15 per cent. in the audience to hold up their hands and some of you who did not hold up your hands have been reminded of a use for an oil-heater that was not thought of before, and there are eight more to come. Then we wonder why mail-order catalogues sell goods, and we go around, aimlessly wandering around, don't know what to do when customers are not in the store. I would like to suggest that in the dull hours of the day that some sales people be relieved and a place re-provided for them so that they can improve the time. One of the great wastes to-day in retail distribution is the fact that clerks stand around. Not so the mail order house. I will tell you something about that. They wade through the mail when it comes in in the morning and then they know what to put the people to work at that day. They do not waste any time there. That is one of the advan-

tages they have over the man that sells off the counter. Let us economise our time in the stores. Those of you who really want to get anywhere to-day will have to study because merchandising and selling is passing from the stage of yesterday, and the man or woman who succeeds must study. No longer will we try to run retail stores without preparation. If we do, we are lost and that is the reason for this short course. I am glad to see your interest and I thank you for your attention this evening.

MODERN METHODS IN BUSINESS

BY FRANK STOCKDALE

This afternoon we had an extended discussion of mail order competition as a very specific problem before us. In that discussion I tried to emphasize finally that the way to meet mail order competition is with modern business methods, and before we got through with that discussion we had a number of good suggestions from various men in the audience. The last suggestion we had was to the effect that we take mail order competition too seriously. It gets under our skin to such an extent that we cannot treat the customer with the right kind of courtesy, and we are inclined to argue with him. The gentleman did not put it in those words, but I would like to say to you here tonight that there is not very many customers caught with argument. There are ten customers driven away from your stores by argument, to one customer that is retained for the store. Even if you are right, "A man convinced against his will is of the same opinion still," only stronger. After that discussion I met a gentleman attending the course here, too modest to get up before this audience and say anything, and I have insisted on his coming before you and in three or four minutes telling you some of the plans that he used. I am going to anticipate his talk by saying that the time to meet the up-to-date mail order competition is not to wait until the customer comes into your store, but to get those modern business methods working beforehand. I want to present to you your fellow merchant attending the course here, Henry H. W. Ryman, for a few minutes.

Mr. Ryman—This is the first time I have spoken in public, and I do not speak very well, but I will try to do my best. Now, I have grown up in a store and worked all my life in a store. When we do the buying we have our store divided into four departments. Each department does the buying, and I look after it as the general manager. When they do the buying they have to have Eaton's catalogue alongside of them, also most of the strongest mail order houses. Also when they buy they try to get all the arguments from the travelling salesmen they can get. For instance, I remember when they bought scythes, which were then sold, I think, for sixty cents wholesale. Well, Eaton's had it in their catalogue for sixty cents. Now we went and bought scythes for sixty cents wholesale, and priced those 65 and 70 cents. Then we have scythes costing us just the same, but looking different, and on these we placed a price ticket and priced them 95 cents or $1.10, something like that, and put on that ticket, "Quality guaranteed" and giving the value. We sold all our scythes for a good price, and those practically marked at cost remained in stock, and the customers would not send their money away to the mail order houses.

In another line, enamel ware, we are doing the same thing. Where Eaton's had the price cut down, making a leader out of it, we had a few articles just the same, cut down at nearly the price Eaton's had, then stocked McClary's enamel ware, which Eaton's would not have, and put a good margin

on—and I know there is no better ware made in the land—and we say to our customers, "Here is a good article," honestly it was a good article, and sell that with profit, and they would not bother about the mail order house, and we would get him again.

There was a question of wire nails. Well, I have taken orders from farmers that were going to send away to the mail order house, and I knew the wholesale price was higher than the mail order price. I said to my customer "Here, you can give me the money in advance, and I will get you the nails. Then I wrote out the order for the nails and marked on the order, "If meeting Eaton's price, so much, payment attached," and sent the order into my jobber. My jobber received the order and credited a dollar or two on that deal, and I kept the customer and kept the money, and I have done the same thing on beaver board.

Mr. Stockdale—I have just put down one or two points here, "Catalogues on hand." He prepares for the battle beforehand, before it starts. He prepares when he is buying, gets the points from the salesmen, all the selling points he can get from salesmen, "Wholesalers co-operate." That is real co-operation, because this man here possibly sacrifices some of his profits, and the wholesaler possibly sacrifices some of his, so when the thing is put up to the wholesaler right, we see he is willing to come across and help out with this matter, to back up the suggestion of this gentleman. We have here a principle, a real principle, and it is this, that price does not sell the goods always by any means. It is the salesmanship that stands behind them, the amount of salesmanship that you put with them; it is the strategy; and it is a case of knowing the matter of meeting mail order competition; it is a case of knowing how; it is a case of knowing human nature. But let's not get our thoughts too much concerned with the schemes of meeting mail order competition. That is good in so far as it goes, but behind that we must have real business efficiency. Tonight, from this platform, we have been talking about how to meet mail order competition. The problem of figures is too big for me to even touch on tonight. I am not going to dabble in it at all, except to this extent, whenever you go into figures, go through with it or don't start. In other words, if you are going to start to cross a stream, decide that you are going to the other side before you start; go through to the end or your figures won't tell you anything.

And then there is another group I want to warn. They are those of you who enter up figures to satisfy your own idea of what you think has happened in your store. Now you are amused at that. It is amusing on first thought, but it is serious. More than half the people who use figures, deliberately fool themselves with the figures. If it does not look right to put their salaries in, they do not put it in, that is all there is to it; if it does not look right to put the rent in, they do not put it in; they cannot bear to use red ink. I think it is a great discovery, putting down deficits in red ink. Don't be afraid to put a thing in red ink if it belongs in red ink. It is a reminder.

Now, under this blanket subject of "Business Efficiency," one is privileged to talk of anything he pleases, and I am going to avail myself of the privilege. There is one thing I want to talk about for a moment, and that is your present self-satisfaction. There are more self-satisfied merchants today than ever existed in this country or any other country; more merchants are self-satisfied

today than ever existed as far as the memory of ordinary individuals go. If there is any man here who is dealing in bankrupt stocks, his business is mighty slow, if business is anything like what it is on the other side of the line. Dealing in bankrupt stocks is a mighty slow business. Why? Because business men are not failing now. You do not hear any reports of business men failing now, do you? Merchants are getting along fine, and one of the proofs of that is, they are selling out. I met a man the other day, who did $104,000 business last year, and he made $25,000 profit in it. Now I do not know whether he got all his expenses in or not, but it would not surprise me at all if he did get all his expenses in. I think he is business man enough to get all his expenses in. I have met men, other men, whose profits were considerably larger the last year or two. Now that applies to all of you, doesn't it? Your profits have been larger, haven't they? Now here is the thing I want to bring to your attention. I was on my way to that man's store. I could hardly wait. I wanted to find out how he made $25,000 of profit, but before I got there I found out that he himself did not figure in normal times he would make $25,000. I thought if he would make $10,000 on $100,000, he would be doing fairly well. You will agree with me, too, $10,000 on $100,000 is a nice profit. Those of you who can do that in normal times have a right to shake hands with yourself and say, "I am a pretty good merchant, I am," and you are. But this fellow had made $25,000. I asked him how he got the other $15,000, if he only figured he was equal to $10,000 profit, and he said that was due to the increase in the price of the goods between the time he bought them and the time he sold them. He caught the shoe market on the up grade. He caught the shoe market before it went up, and it went up pretty rapidly for a while, didn't it? It certainly did All right. He had $15,000 speculative profit—$15,000 speculative profit—and I just drew him a picture of the road of speculation. I want to give you a little diagram of the road of speculation. It starts down here, and up here, and down here again:

As the market went up here on this side, he accumulated $15,000 as speculative profit. What ought a man to do with that $15,000, call it profit? Do you think he ought to invest it in high-priced goods? Do you think a man, a sane merchandising man, will take that speculative profit and invest it in high-priced goods? If he does he will have it in high-priced goods when he comes down on the other side, and the $15,000 will drop out there, and instead of having $25,000 profit, he will have $10,000 profit, minus $15,000 loss, or a net loss showing that year, on the other side of the hill of $5,000. That is what is going to happen to him. Those of you, if there are any here, who are handling bankrupt stocks, get ready for the good time coming, sad but true, it is coming. Butler Brothers are pretty shrewd merchandisers, Butler

Brothers, wholesalers. They have changed their terms of discount—now are you getting this—they have changed their terms of discount. Their discounts are more liberal for ten days then they ever were before. In other words, business men who have any vision are beginning to see on the other side of the hill, and they want to have their bills in, collected, for the time is coming. Is that the correct interpretation of that? That is my interpretation. They never told me, and if I had asked them, they would not tell me, of course. But that sounds to me to be the sensible thing. Have any of the firms up around here been increasing their discount for cash or ten days? Watch them, they will be doing that some of these days if it is possible to do it at all. They will shift for the shorter time. Of course, we have had a great time cutting out the discounts as much as possible. But this is a reaction in the other direction. Speculative profits. I want to burn that into your minds. How many of you have been making speculative profits, and then thinking you made it as merchandisers. Speculative profits, ladies and gentlemen, on an up market, will be lost on a down market, unless you take care of the profits you have made, your speculative profits. Victory Bonds is the place for them, one place. I want to tell you frankly, if I had a speculative profit in merchandising today, I would put it into the best security in the world, Victory Bonds or Liberty Bonds. I might put it in shorter time bonds if I thought things were going to right themselves real soon; I might put it in bonds that I could convert in shorter time, but there will be no trouble in converting these into currency. Pretty good collateral, anyhow, aren't they? I think so.

Then there is another thing. How many of you feel mighty proud you increased your sales last year? How many of you are proud of that fact? A man that did not increase his sales last year more than 20 per cent ought to be ashamed of himself; he has not been living up to his opportunity in dollars and cents. How were conditions here? I have not kept tab of the conditions here. Were prices going up last year considerably? Yes. Did they go up 20 per cent during the year? How about that? Yes. All right, if prices went up 20 per cent and you made 20 per cent on your sales, we will put it 25 per cent, your business held its own. To sell as many articles as you sold before, you would have to increase somewhere between 25 and 30 per cent, just to hold your own. Now it is a shame to say this, but I have to tell you the truth. I met a man the other day who had $70,000 business the year before last, and $82,000 last year, and he was telling me he had a nice increase in his business. I began to figure out to him what he had been doing. When you compare this month's sales with the same month last year, and you see an increase of 20 per cent or 25 per cent, and you say in a knowing sort of way, "We are coming along pretty nice, aren't we?" I say, "No." You will have to be on the lookout. You want to be preparing now for the time that is coming, and you want to be holding on to those customers, holding on to what you have got, and adding a little more to it if possible. Someone will say, "Well, the increase in prices is keeping people from buying." Down with us that is not true. I do not know whether it is true here or not; but the increased prices is compensated by increased wages. Everybody is making money. Wheat $2 a bushel; everything on a farm is rising; big prices for grain; every man who works is getting big wages;

he has got the money to spend to make that increase in business, and therefore we want to consider seriously. We do not want to get self-satisfied, I am very sure of that.

Now, there are a great many things that might be touched upon here incidentally, but I am going to touch only a very few of them, because of the lateness of the hour. I have enough things here in this envelope for a speech at least an hour long, but I am going to blue pencil them right now. There is one thing, however, that I am going to bring to your attention, and that is the reason why so many retail merchants do not know about their businesses. The great trouble with retail merchants, speaking generally, is that they are lost in the details of their business. They cannot keep their head above water except by battling hard. Let me give you an illustration. I am going to get pretty close to where a lot of you live right now. A man in a drug store had been in business fifteen years. He went in one Monday morning to sweep out the store and put the place in shape beforr his soda fountain man and the other clerk in the business arrived, and before customers came. He kept a nice store; it was in fine shape. He was down there early in the morning. A travelling salesman got off the train at the station early and was on his way to the hotel and stepped into the store and saw his old customer in there sweeping; just dropped in to say "Hello" and "Good Morning" to him, and as soon as he stepped into the store the merchant set his broom up against the showcase and came up, facing the travelling man, and he said, "As I have been sweeping along here this morning, I have been doing some thinking. I have been thinking of this for the last two or three years, and I want to put the proposition up to you. If there is any man that can answer this, you ought to be able to do it. You have been in this territory covering this field for the last fifteen years to my knowledge. You have visited hundreds of merchants, and some of them a hundred times or more. If anyone can answer my question you ought to be able to do it, and the question that is running through my mind is, 'What is wrong with the drug business?'" He might have said jewelry, furniture, or any other business, but he said, "What is wrong with this business?" and the travelling man stepped over and picked up the broom and stood there for a moment, and he said, "You have asked me a question and a mighty big one. I am going to answer it by asking you another question, a seemingly small question, 'What were you doing the first time I came into your store? That was fifteen years ago this spring?'" And the merchant could not remember. And then the travelling man, looking him squarely in the eye, said, "The first time I stepped into your store, fifteen years ago, you were doing the same thing you were doing this morning. You were wielding the weapon of a janitor. You were sweeping out the store." There was a minute of intense silence. By that time the point had penetrated. The merchant began to realize what was wrong with the drug business, and then the travelling salesman said, "There is nothing wrong with the drug business, the drug business is growing, getting better all the time, the trouble is, in your case, there is something wrong with the druggist, something wrong with the druggist." He says, "You are trying to fight competition with a broom. You have just as good a chance meeting today's competition with a broom as a man with a bow and arrows has in the trenches in France." He said, "Business is highly specialized, just as

war is highly specialized. You cannot hope to meet the competition of a man if you sweep out your store while he is studying his sales-sheets, analysing his trade territory, getting in touch with his community, going out visiting other stores to get new ideas, figuring his expenses and his turnover and his profit; training his salespeople and buying with a knowledge of what those people can sell, and what the people of his neighborhood want." There, ladies and gentlemen, is the fundamental weakness of the average retail merchant, lost in the details of his business. Probably he is not sweeping out his store, but with all due respect to the importance of records, I want to quote again what another man said when I told him this story. "Why," he said, "that is not so bad, sweeping out the store; there are other things that a man may do in his store that is worse than sweeping it out." I said, "What, for instance?" "Why," he said, "whenever a man gets back in his office and puts in thirty minutes on his books when customers are coming in at the front door," he says, "he is doing worse than sweeping out the store." I said, "Why?" He said, "When a man sweeps out his store, he gets a chance of meeting his customers, but when he gets back to his office, then that chance is lost." But the point I want to make is this—whenever you do $6 a week work, how much do you expect to get for it? How many men facing today's competition are doing in your stores work that would not earn in another man's store more than $10, $12, $15 a week? How many of you are doing the work of a janitor, and expecting the reward of a merchant? How many of you are doing the work of a bookkeeper, a $10 a week girl, and expecting the reward of a merchant? How many of you in the drug business are working behind a prescription case and expecting the reward of a merchant, instead of the reward of a pharmacist? How many in the jewelry business are working at the bench and expecting the reward of a merchant, when you should only expect the reward of a mechanic? How many of you pack the boxes in your stores? How many of you dust the cobwebs in your store, or dust the goods on your shelf? That is the point I want you to consider, your own time in your own store, that is the biggest job you have. Every man that runs a store has three or four jobs on his hand. I can divide them briefly into two; one job he works for himself, and the other he manages the store. I know a lot of people who are the finest employees you can imagine, but they cannot manage themselves or anybody else. Do you think a man can get by today without management in his store? What is your competition? We will say yours is a specialty store. What is your competition? Departmental store, mail order house, chain store, four kinds of stores today outside of the general store, and that can be classed with the specialty store. What are the denominating or the outstanding characteristics of departmental stores, mail order houses and chain stores? Management. Real management. Men who study the fine points of the game. That is what is the matter. They may not be any brighter than you are, but they are employing their time in the right way. Management, that is what you have got to have. Every departmental store is a collection of stores under one roof, under one management. The mail order house is a collection of departments under one roof doing business by mail. The chain store is a collection of stores, not under one roof, that is where it changes, but it always gets back to this, under one management. Are you managing your store or are you just working as a bookkeeper who

needs a manager? Are you a bookkeeper in your store that you need to manage; or are you doing work in a store which is not well-directed, because there is no one to direct it. That is a big job—to direct it. Just an ordinary store, where you are the boss and yourself the employee; separate yourself once in a while so as to get a view of your business. One of the real things, one of the real big points in merchandise, has been stressed here so much tonight. I just sat back and listened to Mr. Irwin's splendid talk. I thought what he is striving to drive home to these people is to set your business off and separate it from everything else so that you will know what your business is doing. Get everything else separated from your business and then you will know what your business is doing. Otherwise, you do not know. If I were an inventive genius and wanted to make the inventions of Thomas A. Edison with electric lights and talking machines and so forth look like thirty cents, I have in mind a machine I would invent. That machine would be a self-reflector machine that would enable a man to stand off once in a while and watch himself go by. No bids would be accepted for the first machine.

Then there is another thing about this business of running a retail store. It takes a regular Dr. Jekyll and Mr. Hyde to run a retail store. Did you know that? A man that could be one thing one hour and another thing another hour. One hour he has to be a pessimist and the other an optimist. What do I mean by that? I mean that a man who buys goods must be a pessimist or he is not a good buyer. I mean that a man who sells goods must be an optimist or he is not a good seller. Is that not right? One must have enthusiasm and the other must be cold-blooded. I am going to give you a very brief illustration here of what a man said to me was the essential element in business or the fundamental principles of business. He gave them to me in two sentences, and I put one in, the meat in the sandwich. Now, Mr. Irwin will back that up.

BUY IN COLD BLOOD
CONTROL YOUR BUSINESS
SELL WITH ENTHUSIASM

Buy in cold blood, and sell with enthusiasm, and then I put something in between there; I put a compass in between there; the thing that would help him to know that he was selling the right thing. I said, "Control your business." Now let me point out what is the trouble. Too many merchants buy with enthusiasm and sell in cold blood. Now, is that right or isn't it right? You know it is right. Buy in cold blood. Sell with enthusiasm. Control your business. Whenever you get those things reversed, you are gone, you are lost. Overloaded stores tell me that people are buying with enthusiasm. Look at salespeople standing in the doorway, waiting for somebody to come, and wondering why they do not. Selling in cold blood; that is the reason the goods stay there after they are bought in larger quantities than we wanted. What is wrong? Let us get down to some fundamentals of this whole proposition. Now I am going to switch off to something else that I know will be of intense interest to you. I am going to make an admission to you now, and I am not going to do it for your benefit, but more for my own and for the benefit of the South. When it comes to retail organization, Canada has us backed off the boards. I know whereof I speak. You men

here in Canada have us backed off the boards when it comes to retail organization. We have organised our hardware men together, and our jewelry men together, and our grocers together, and our dry goods men together, and you have organized your communities together. But I am not going to stop there. You have made a great start, but I am going to give you, based on my observation of organizations of all kinds, and in all parts of the country; I am going to give you a suggestion. Your organisation so far has been devoted to legislative purposes, almost wholly. I think that is correct, is it not? Legislative purposes. Now you are at the parting of the ways. A very small part of the battle of competition can be run by legislation. You can, with legislation, stamp out evils, but you cannot counteract ability. Get that now. You can, with legislation, stamp out evils, but you cannot suppress or counteract ability. Now, if you keep that thoroughly in mind, you will be on the way to reach success, a big success, a success that will take us in the South many, many years to attain. In fact we have not started. You have got the machinery here for real work along the line of merchandising efficiency, the making of better merchants. You have got the machinery; all you have to do is to put the right grease in the mill and keep it going.

Of the many retail men I have met engaged in organisation work, I know the gentleman of whom I am about to speak will be here, but I am going to say it anyhow; of all the men in retail work who have had a real vision, a real conception of what the retailers' problem is, and how to meet it through association work, Manitoba has a man as their secretary who has that vision. This statement is not going to do him any particular good, but I am hoping that it will do you a lot of good, because, as you recognise its effect, you will back up Mr. Curle in his efforts to reach out over this Province, and for that matter the influence will be felt all over Canada. And it will be felt in the United States, don't you forget it. Wisconsin will know a great deal of Manitoba in the next six months. There are representatives here from the various Provinces to the west of us, and the influence of Canada in this short course is going to be felt there. I am not going to plead with you people to get behind Mr. Curle. I just want you to use your commonsense judgment, and when you do, you will get behind him and the things he is trying to do and is doing now.

I would not be doing this subject of organisation justice if I did not at this time, when we are enjoying not only the hospitality but the backing and the labor of your Provincial University here, if I did not recognize what that means to you. Instead of trying to say anything now to you, I want to quote to you what President MacLean said to a meeting since I have been here. He said, "We want to parallel Wisconsin, and the aim of the University of Wisconsin, which is simply not to be a State University, but to have Wisconsin a University State." See what that means.

I want to take this opportunity, as this will be the only one we will have for a thing of this sort; I want to take this particular opportunity to crystallise your minds and bring them to a focus on this problem. Utilise your local organisations and your State universities, and any other organisations that you can use, but this will be your principal organisation in promoting and carrying on—"carrying on"—that sounds familiar—in our days now, doesn't

it? Are you going to carry on or are you going to stop here; that is the question? It depends on you men and women who have come here to this short course if you come out and put into practice the things you have learned and the experience you have obtained in these meetings; you will bring people back here. If you go out and just talk, and they do not see any results of this thing, just save your breath. I believe in boosting a thing, but there is no use boosting a thing that does not have something in it. I believe you men are getting real valuable suggestions, and if you will take those suggestions and put them into use you are going to derive a great deal of benefit out of these meetings, and so I am going to conclude here just by recalling again to your attention, use the machinery that you have in your local towns; draw on Mr. Curle; draw, because he is more than anxious to help you. Get behind this University in anything it wants to do for retail merchants, and you will find that you are doing a bigger job than when you keep books or sweep out the store or dust off the shelves, or even wait on customers. Yes, also even better than that, you re-arrange the store; even better than when you figure out those expenses; even better than when you train your sales people; even better than when you figure your profits, the best thing you can do is to carry on. I want to thank you.

WHAT MERCHANDISE TO CARRY—MARKETS—CUSTOMERS

BY FRANK STOCKDALE

I am going to take the privilege, sanctioned by the men who got out the programme, of making a slight change. I am going to make a change so that this talk will be more in conformity with the programme. Instead of giving you something that has not yet been touched upon, I am going to continue the discussion of this morning by Mr. Irwin. I am going to talk about the accessibility of your goods in your store. He talked to you this morning and emphasized very strongly the importance of the accessibility of your store. The problem of having your goods accessible to the customer is just as important, because all of this accessibility business does not get anywhere unless it gets to the goods—that is the end that is sought, and so I am going to talk to you this afternoon for a little while about store arrangement. I was talking to a man down in Texas about a year and a half ago, the editor of a farming paper down there, and in the course of our conversation he said to me, "The fly paper stage of business is past." I had to ask him what he meant by that, and probably you are asking what he meant by the "fly paper stage of business." He said, "The time when the customer just alights and sticks, that time is past." If any of you are in places where the customer still continues to alight and stick, you do not need to know merchandising at all. All you need to do is to stay on the job and take care of the money. But wherever you get an automobile road or a railroad running through your city, away from your store and to it, the fly paper stage of business is past.

Merchandising display is becoming an ever-increasing and important part of the job of merchandising. You can put the blame on the variety store if you want to, but it is a fact, nevertheless, that display is one of the best advertisements. The best advertisement is a satisfied customer. The second best is the merchandise itself, and then the rest follow. We will not try to classify them, for several reasons: The first reason is that whenever we come to classifying the mediums we get into a discussion like the calendar discussion this morning. Now, if we just had a calendar salesman here we would have had a regular fracas. I happened to work a couple of years with a man who was, perhaps, one of the keenest specialty salesmen in the United States. He was chairman of the Educational Committee of the Associated Advertising Clubs of the World for two years, and from that side I got the various angles on the specialty problem. You cleared the atmosphere up considerably this morning, but you did not settle the problem except in your own individual cases. There was no unanimous vote on that, and there is not likely to be. The fact of the matter is that the calendar is good in its place, and that applies to anything else under the sun that is used in advertising. The only question is to find out when a calendar is good. While I am on this I must tell you about Mr. Garver, of Strasburg, Ohio, the man who did in one year

half a million dollars worth of business in a town of 1100 people; you have read about it in the *Saturday Evening Post*, perhaps. You will be interested to know that a man can do that amount of business in a town of 1100. Garver actually does. There is no camouflage about these figures; there is not any about Garver, either. The idea he gave me about the use of calendars is that he used calendars just before Christmas time and used them not merely to secure goodwill, but he used them to get people into the store. And referring back to Mr. Irwin's price of twenty-seven cents, I would be willing to pay twenty-seven cents any time to get a customer into my store if I had any store worth while. Wouldn't you. If you can find a method cheaper than twenty-seven cents, go to it! You are welcome to that plan, but that does not alter the fact that Garver got lots of people into the store and he uses calendars as special invitations. The housewife comes in, and she not only comes into the store, but she has to tell him some of the things that other members of the family are likely to want for Christmas. He cashes in on that. No failing about him when he gets them in; he does not allow them to walk around and walk out again. When they get in range of Garver he gets something worth while out of them. I want to pass that on to you as an idea. If you get in range of a customer, if you don't get some information about selling to that customer, it is because you are not on to your job of selling. But the fact that Garver makes good with it does not alter the fact that thousands of dollars are wasted on calendars.

Another thing brought out in this morning's discussion was how to appeal or how to advertise when you have several groups of people speaking different languages. The suggestions you gave were very appropriate. I think you came as near going to the bottom of this question as anything I have heard discussed for a long, long time. I have got them down in my book, the points you brought out and, by the way, you fellows who are not taking notes in your books are pretty sure of your heads. Surer than I would be, a whole lot, in this meeting. I was talking at a meeting one time where Garver was present and he was taking more notes than any other ten men in the audience. He did half a million in a town of 1100. Seated by his side was Larimer, from Chariton, Iowa. You have heard of him if you have read *Printers' Ink*. He goes down to New York once in a while or down to Chicago, and he stirs up the animals in general down there. They listen when Larimer speaks. He is a clothing merchant. He was down there taking notes. My suggestion is if you just acquire the habit of taking notes at this convention, whether you ever use them or not your time will be well spent. What we need in our stores is reporters. We get out of the habit of putting things down; we try to carry too much in our heads. A man who can carry the details of this merchandising game in his head is some man! Why, it is the most complicated, intricate, technical and disheartening proposition that anybody ever went up against, so far as we know, this job of retail merchandising. Why, think of it, just think of it, he has to be a buyer, a man that runs a store. Over at the Rotary Club to-day a man said that in Montreal they invested $100 in tickets for a course of lectures that were given up there not long ago, and they regarded the lectures as worth $5000. I might tell you incidentally that the lectures were taken out of a little black book just about like this. Get notes down and meditate on them and hold fast to them. It is not the things that go through

your heads that count so much as the things that you really use in the manufacturing process.

Buying, right buying, alone in to-day's markets is a big job for a man if he didn't have anything else in the world to do. Then in addition to buying the merchant has to know how to display goods. You are going to have this afternoon just an example of what kind of job that is. Then there is the store arrangement, another thing that is a job in itself. And then you have just started. You have got the matter of handling help and training them. If that is not a man-sized job, I do not know what is. Why, it is a real job to know how, just to know how to meet people and how to impress your personality on them so that they won't go ahead and do worse than they would if you were not there. And then you have got another job that is a new one. It is so new and so strange! It is retail advertising. Retail advertising is less than 50 per cent. efficient in the States. I do not know how it is up here. In other words, fifty cents of every dollar is wasted. Now that is conservative. I am not radical on that at all, and after you have learned the jobs of buying and handling help you have got to instruct them. And that entails salesmanship. Elbert Hubbard says that the salesman has the world by the tail with a downhill pull. In other words, the man who can sell goods, his success is sure. If I just knew what you people wanted this afternoon and could sell it to you I could make a good deal of money, if I were just salesman enough to do it. After you have done that, you are not through. After you have made good in all these jobs I have mentioned, then you have got to make good and tell this fellow here this morning that wanted to know about that 20 per cent. If any of you men here can tell that fellow about 20 per cent. and enlighten him on it and make it clear, I will be one of your most interested listeners. I will have my little notebook on the job from start to finish. I never heard anyone ask any question any bigger than that one. If I would undertake to answer that I would want five periods of one hour each and then we would have some discussion along the side and I would probably be as brief as the average. I would probably get to the point as quickly as the average man would, but that is the amount of time I would ask for it. I merely want to impress upon you the fact that the man who makes good in this job has got to do more than an ordinary individual. Most of you men are in competition with firms that divide this work. One man is the buyer; another trains the salespeople; another does the advertising work; another does the accounting; and still another one does the figuring of profits; another man does the display work; but when it comes to one man coming up against all these you have got a difficult proposition. I am not saying this to discourage you, but I do not want you to take this responsibility too lightly.

If you want to learn the merchandising game and get all of the best points possible, don't go to the retail merchant to get it, go to customers; go to people who buy the goods. Retail merchants are liable to assume that a thing is right, but the customer will say just what it is and what it is not. And so I have taken occasion, whenever I could find the opportunity, to meet with groups of customers. When I say "customers" I mean women; I don't mean men, because the woman is the purchasing agent of the home. If you get all your merchandising information from a mere man you will get just about one-fifth as much as you ought to get. The other four-fifths is left. Talking to a

group of women one time, secretaries and presidents of the local clubs in a town of 5000, I used about twenty minutes to introduce the subject of merchandising to get them interested, and then I turned them loose on the subject. The things that they brought out were very illuminating. If you want to know why people buy away from home, get somebody who is not particularly interested in the question and get them to talk to a group of women to find out really why they do buy away from home. I am going to tell you what these women said with regard to merchandise display. They did not say anything about how a store ought to be arranged, not a thing; all these women said was, "I certainly do like to go to stores after they have had a busy day, for then there is so much merchandise on the counters that I can look at it without bothering the salespeople." If I were to stand here and preach for a week I could not say anything that would do you more good than that. I asked her if the salespeople treated her discourteously. She said, "No, I cannot say the salespeople treat me discourteously, but when I look at a piece of merchandise and then do not buy it the salespeople cannot conceal a look of disappointment on their faces." How many of you merchants can? How many of you can treat the customers with the same courtesy when they do not buy as when they come in and spend $15, $20 or $100 with you? How many of you do? It is not the question whether you can or not. I know you can, if you just work on it long enough. I don't know how long it would take, but it would take you some time; you would have to work on it, you would have to get the habit before you do that. Just drop in a few stores and note how people treat you when you don't buy. I used to be afraid of going into a store and not buying things; I had a certain horror of going into a store and looking at things and then not buying. I know lots of people go into stores and buy just because they think they put the clerks to so much bother that they ought to buy or that they would not be doing the clerks justice. But the merchandise itself will treat you just the same whether you buy or not; never discourteous, never obtrusive; this man "display," if you can get him to work in your stores, is one of the best clerks you can possibly get; he never gets married and he is not subject to selective draft; you cannot buy him with dollars; you have got to put him to work with ideas. That is the only way to get him to work. He is a creature of your own brain; you cannot buy him at all; you cannot hire him; it just depends upon you.

If your store is any considerable size, and if your store is an average store (we will say your store employs three men now, besides yourself)—if you do not have it arranged as it ought to be arranged you can go back to it and arrange it so that you four can do the work of five clerks. You four can sell as much as five ordinary clerks can sell.

Now, in order to get at this matter of store arrangement let us go back a little and lay a foundation. Let us see about this. I may say that in Mr. Irwin's discussion here this morning if he had had time to put in all the details which would have taken him several hours, he would have told you something of the value of a location and the various rents that you pay. And perhaps he would have cited you the rent methods of "chain stores," the United Cigar Stores, and other stores. Many of you are familiar with them. I just want to remind you that the "chain store" rent is based on the number and class of people who pass a location. Why did Mr. Irwin get out and shovel the mud

off the sidewalk? For one purpose, to get people to go by that store, and I will tell you what happened. Talking about the curing of a weak business, if two hundred people pass that store after the sidewalks were cleaned off where only one hundered had passed before, that store was worth exactly $2 rent where it was worth $1 before. Now, there is no question or argument about that, is there? It was worth $2 to $1 before, and when you begin to shovel $2 into a business where it was worth only $1 before, it begins to be worth while. And if he sent four people where one passed before, the rent is worth four times as much as it was before. That is what you pay for location. When you get into a town of 3000, or 4000 at least, how do you sell property; If you know how things are sold you will know how they are rented; know how they are rented, and you will know how they are sold, because rent is based on selling value. How do they sell lots down in my little village, a suburb of Chicago? Do they sell them at so much per square foot? No, they don't sell them that way. You sell farms by the acre; you do not buy town property by the acre or square foot. How do you buy it? Front foot, that is exactly it, you buy it by the front foot. Why? Because of its frontage value. Why has it a frontage value? Because people pass the front. Why is a wide front better than a narrow front? More room to display, more room to catch them when they are going by. Certainly it is—that is all there is to it. You have got more time to work on them as they go by, more display, as the gentleman said back here. All right! Now, if that is true when you rent a store it is also true of the buying, isn't it? You buy on the lot frontage, don't you? Very likely. Now, say we have two stores rented, one 60 feet deep and 20 feet wide, the other 30 feet square; that is, the first has 1200 square feet and the second 900 square feet. Neither of them are on a corner. Which rented for the most money?

Student—In Winnipeg the landlord would charge so much a square foot for the 1200 feet and so much for the 900 feet; no getting around that.

Mr. Stockdale—That is a peculiar condition.

Student—That is right.

Mr. Stockdale—I am not going to dispute it, but what brought about that condition?

Mr. Kelly—With all due respect to this gentleman, I think he is wrong.

Mr. Stockdale—We will just leave Winnipeg out. There is no doubt in my mind after investigating approximately a hundred and fifty cities. This is the first exception I have found, if it is an exception. The frontage is the thing that determines the rent very largely. I want to tell you what they did rent for but I am going to get an opinion on that before I put it. If this store here (1200 square feet) rents for $70 a month, what will the other one rent for?

Student—$100.

Mr. Stockdale—$100. Let us have another guess.

Student—What is the population?

Mr. Stockdale—10,000. They are right side by side and neither of them are on the corner.

Student—$150. I would give $150 for the 900 square feet.

Mr. Stockdale—Let us have another idea.

Student—What were the businesses of the different stores?

Mr. Stockdale—Now, there we come up against a point we must explain. The business in the different stores will be determined by the shape of them. A moving picture theatre would never go into this building, and it is not likely a clothing store would ever go into it. The store is adapted to the various lines of business. This (900 feet) would be especially adapted for what kind of store? It would be adapted for a jewelry store, grocery store, variety store, fruit store, pretty well adapted for any kind of business. The fact of the matter is we find certain classes of business in square buildings, and certain classes in deep buildings. We will assume the right kind of business has got into it. What will be the rent?

Student—$140.

Mr. Stockdale—$140.

Student—All lines of business cannot pay the same percentage of rent, can they?

Mr. Stockdale—No, but they pay pretty nearly. This is not a percentage proposition at all; this is dollars and cents; percentage does not enter into this. All right, I will tell you what it was, now—$110. And the buildings were about equal as far as state of repairs were concerned. These figures are not put here for you to take any of them literally, the only point I want to make and the only point I have allowed you to make—the point we want to get thoroughly in mind is *that the frontage costs considerably more*. Now, I do not care whether these rent for an equal amount or not. If they rent for an equal amount you are paying more for your space. It is the principle we want to get. Now, we have got the principle. The reason is because of two things: Because of windows and because of interior arrangement—because of the same thing that we were discussing awhile ago: The number and class of people who pass a location give it its value, and we figure that more people will pass all parts of this store, and we are pretty safe on it too, aren't we? I think we are.

Now, in the average store, 60 feet deep and 20 feet wide, how many people go more than half way back? Or, what percentage of people go more than half way back in the average store? I have suggestions of one-third, one-tenth, one-fourth and one man asks what class of store. Supposing we make it an average store, the store you drop into casually or the store you have had experience in. All we are trying to get at is the principle, not trying to define anything.

Student—A good deal will depend on store arrangement.

Mr. Stockdale—That is what we are talking about—the store arrangement.

Student—If a general store with groceries to the rear—50 per cent.

Mr. Stockdale—If a general store and groceries to the rear 50 per cent. Of the stores I go into and the people I meet in meetings like this, I would take the middle figure, one-fourth. We will be conservative again. I know store after store, jewelry store, hardware store, clothing store, drug store and any number of other stores where this figure would be too high and one-fourth of the people do not go more than half way back. All right. Now, let's do a little figuring. If only one-fourth of the people visit this part—the rear—that means, four times as many people visit one part as visit the other part.

Isn't that right, four to one; there are four people visit the front part of the store to one the back. Assume that figure is all right—if you want to take another figure, that is all right—don't worry about the figures, just follow the illustration, four to one.

Student—That is not correct, three to one.

Mr. Stockdale—The fourth that go all the way back have to go to this part too, the front part. I want to urge all of you to check up all these things.

Student—I thought you meant doing business in that part of the store.

Mr. Stockdale—That is right, if you have a question in your mind bring it forward.

Student—I am right on that basis.

Mr. Stockdale—If you separate it into two stores, yes. If there are four people in the front part of the store to two in the back, how much is the back part of your store worth? You have 600 square feet back here. How much is it worth as a selling space under those conditions?

Student—Perhaps you don't need it for selling space; perhaps you need it for a warehouse. If they don't buy in the front part of the store it is worth 20 per cent.

Mr. Stockdale—Twenty per cent. on $70 is $14. The front part is worth $56 and the back part $14 on the basis of selling space. Your point is all right. It depends on what you use it for. We have already decided what to use it for the number of people who go back here. That tells the story of what you are using it for. It tells us that you are using it for storage space, and that doesn't amount to very much as selling space, but there is a wide difference between a warehouse and selling space where you can get people to pass it—a mighty big wide margin. That is one of the points I want to get clear, one of the points we want to get clearly in mind is that this part of the store is not used right or it would not be that way. I stepped into a jewelry store in Winnipeg this morning—what is that big jewelry store—Dingwall's—and all of you who are interested in store arrangement can get some good pointers if you go into that store. Not because that is any better than any other illustration; that is the only store I have been in since I have been in Winnipeg, and I would like to refer you to this practical illustration. Let me tell you in the back part of that store the lights are burning. The bright part of that store is right at the back. When I stepped in this morning, I, and people who are there to look, just naturally gravitate back there. People will gravitate to where the light and interest is just as surely as the moth will gravitate towards the flame.

That applies to lots of stores, and if you go around—one of the things you may do yourself while in Winnipeg is to go around all sorts of stores and see what is doing. There are even a lot of people in Winnipeg that ought to visit the other stores. Let me urge that on you. There is enough information about store arrangement in Winnipeg to run this whole course all the time if we had just somebody to go out and pick it up. Information and education is the thing that lies all around us. My shortcoming is that I do not have a basket big enough to carry it away; I don't know what yours is. Do that if you have the opportunity, and you will find out that people are getting value out of the back of their stores by the arrangement of their stores.

Now, if this front space here is worth $56 and that back space is worth $14 there is a difference of $42 in the value of those spaces. Now, I am going to cut off and say that that back part of the store is worth while if we get one customer out of five back there. It is worth something as selling space in addition to storage. For that $14 we get something in addition to selling, don't we? We get storage and selling, but when we combine storage and selling we get only $14 worth, whereas up in this part we have fixed for selling we get $56. It is $42 difference, and if you subtract $7 and say it is worth half as much for storage as it is for selling space we still have $35. Thirty-five dollars a month, ladies and gentlemen, to be earned by arranging that store right, a possibly $35 to be earned. If you get busy and earn $20 of it you will be doing very good. Twenty dollars a month for a year is $240, and remember, what you earn that way comes in in your net. That is not gross; that is net. If we can just get things thoroughly before us, what we earn by increased efficiency and increased knowledge, that helps to boost the net. It is a common assertion that from 15 per cent. to 25 per cent. of a manufacturer's business, the last 15 per cent. to 25 per cent. is where he makes his profit; in other words, three-quarters of his business is done to cover the expense of the business, and then when it comes to the last 15 per cent. to 25 per cent.—one of the latest statements I have seen was 15 per cent.—that he has to make his profit on. Now, if he goes up to 85 per cent., 75 per cent. of his efficiency or 85 per cent. of his efficiency and stops, he fails to get the 15 per cent. that is coming to him. How many of you are working like that? How many of you come up and cover your costs and expenses and then fail to get anything for yourselves? Fifty per cent. of you at least, granting you are an average audience, which is assuming a little too much, possibly. This is above an average audience, otherwise you would not have ambition enough to get out.

Student—Do you advocate putting your rough stuff in front of the shop and the selling stuff at the back to get your customers through?

Mr. Stockdale—We will discuss that later on. What are you going to put in the back part of your store?

Student—What kind of store is it?

Mr. Stockdale—Well, now, if I would talk about a jewelry store or a clothier's store the man in the grocery business would say, "That talk is pretty good, but it doesn't apply to my business," so I have to get this on general lines, not because I want to, but because I have to. We will say we do not care what kind of a store it is. Pick out one or two and take them for example.

Student—General store.

Mr. Stockdale—All right, take a general store. What are you going to put in the back of your store?

Student—Groceries.

Mr. Stockdale—Yes, that is very easy to solve, isn't it?

Student—Where are you going to do your marking up—sorting up and all that?

Mr. Stockdale—Now we have got another question—"Where are we going to do our marking up and sorting up?" Now I come to a point I want to make here as strong as I can. I want to tell you that nine out of ten of the

stores that I have come in contact with for the last ten years of continuous travels in the States and the Provinces of Canada, nine stores out of ten are simply good storehouses and nothing more. You cannot say they are anything else but good warerooms. Now, that is putting it plainly, but putting it true, and what we need is a selling room or a merchandise room and not a wareroom. We will never have a merchandise room as long as we make it a wareroom, and we will never have a wareroom if we make it a merchandising room—the two of them do not combine. We have got to have a place, a wareroom to take care of our stock. And, when we sell goods, that has got to be a selling space. As long as you sell directly out of goods that you have stored, you are mixing your wareroom—your storeroom and your selling space. What we need in stores of this country are stock rooms or warehouses, whatever you please to call them, and then we have got to have our stores that we pay good money for arranged as selling space.

Now, on that one point, if you want to know how to arrange a store and will give the amount of attention that is necessary, and study it, I can just refer you to the best example of store arrangement that I have ever found—you find them everywhere—the variety store. The variety store has got them backed off the map so far as I know. The chain drug stores are next. If you want to find out how to arrange a store go to the chain stores and to the big departmental stores and some of the specialty stores. That was a specialty store I was in this morning. The variety store has taught the people to buy goods in a certain way, and if the average man does not display them in that way then he is going to come out the little end of the horn. I don't know what you think about it, but I think I am talking about one of the big vital things in selling merchandise here to-day. How many of you people here to-day have gone into a variety store when you did not have anything distinctly in you mind to buy? Hold up your hands! And this is an audience of men. You did not go in there to loaf, did you? No, they do not have any loafing. I had better touch on that loafing business—any of you afflicted with loafers?

Student—I was wondering if there was any particular principle to adopt.

Mr. Stockdale—Yes, we will get to that in a moment. I want to touch on this loafing business before it slips. Did you ever know a store that had very many loafers to have a good trade of women? Women are the purchasing agents of the family. Now, put two and two together, and if you allow loafers to loaf in your store, then good-night for you, and it is a bad thing for the town. The cigar store is the only place you can get by with a loafing proposition—the tobacco store—that I know of, and the pool hall. I was born and brought up in a store killed by loafers, so I take this seriously. Loafers actually killed that store dead as a mackerel. They just came there and chewed tobacco and spat where they pleased, and the women, they traded where they pleased. I think that is enough on that subject.

Now, there is a general principle of arranging a store, and when we get this matter of store arrangement we are going to have no end of questions to-morrow for the question box. I think so, at least; but there is a general principle. *Put your staples in the back of your store and your novelties or new goods in the front of your store.* New goods, not simply seasonable goods—I mean the goods you are introducing. You are introducing new goods all the time. There isn't a season but what something new comes on the market, either a new modification of some

old thing or something that is entirely new. Get those new goods there in the front part that you want people to see or advertise. Then get your seasonable goods up in front at the right season of the year. That means that you are going to have to change the front of your store often and it will be just as effective as a change of dress; it will serve as a change of dress.

Then you want to get the profitable goods in the front of your store. Why? This is the answer right here; here is where the people are bound to come. There will be more people in the front of your store no matter what you do, because a certain number of them are bound to be served at the front of your store. But not very many if you arrange your store properly. Last week in Coffeyville, Kansas, a man had trouble in getting people to go down in his basement. He had household goods in his basement. What was the solution of that problem? The solution of that problem was to put something down in his basement that people would go down after. The goods were well displayed. He was a man that ran leaders. I said, "Put in some leaders." He said, "I have just got in a carload of clothes pins." I said, "There you are; put them in the basement, at the back part of your basement." That is the strategy of getting people to go around your store, and the man that doesn't arrange his store so as to get people to go around in it cannot display his goods.

Now there is another thing. A number of merchants perhaps have second floors; not very many, but some of you perhaps have second floors. Those of you in the drygoods business have second floors and keep ready-to-wear on the second floor, in this front part of your store. There is a chance to display the merchandise in the second floor of your store, and get people to go up. You can display things in the various parts of your store. How many clothing men have we here? Seven. Do you work on the theory that collars have to be in the front of the store? How many have collars in the front of the store? Five. Now, is that right? Here is a principle now, another principle. Women will go further to get the merchandise they want than men, and some work on the principle that the collars must be in the front part of the store—collars and ties. I was just in a clothier's store, and I observed it closely. The front part of that store had a warm display. What do we mean by a "warm" display? There is one thing, remember, that makes a display "warm," that is color. Color is what gives warmth to a display, and all the color in that store was ahead of the dead line. There was not a bit of color back there, just suits and all kinds of overalls and underwear, boys' clothing, and all that sort of thing, were back in the back part of the store, and it looked dead. Now, anybody who came into that store, not one person out of ten—I believe I would be safe in saying not one person out of twenty—went more than half way back in that store. On the other side he had dry goods and he had 80 per cent. of his people going more than half way back on his dry goods side, because he was wise enough to put his staple piece goods away back and because he had a rest room upstairs. He had a ready-to-wear department, and people who went to that ready-to-wear department had to go back of his store. One-half the women who came into his store went to the rest room, so there he got 50 per cent. of the people to go all the way back, and the piece goods and other departments upstairs took at least 30 per cent. more. On the other side, the clothing business, he was just throwing away one-quarter of the rent. Get your staples in the back part of your store. I know a man in the grocery business who created quite a laugh in a meeting one day. We asked him how he

got people in the back of the store. He said, "I get pretty near all the people in the back of my store." On being asked the reason, he said, "I keep cold water back there"—this was in the summer time—"and advertise it." Just a simple expedient, but it did the business all right.

Now, there are two kinds of places to put goods in a store. One of them is shelves, and the other is counters. One of them is for the clerks—get this—one kind of store arrangement is for the clerks andanother kind is for the customers. How is your store arranged? The shelves are for the clerks and the goods on the shelves do not sell themselves at all. The shelves are for the clerks. Now, how much of your store is for the clerks and how much of it for the customers? How many in this room have 70 per cent. of their merchandise put where people can see it and handle it? Hold up your hands! Five. Now you begin to see what is wrong in the selling. Shelves are for the clerks. I will venture that 90 per cent. of the merchandise represented in this room is on the shelves, 10 per cent. on the counters, and then I will be conservative, won't I? Is that right? Ninety per cent. on the shelves. In other words, the 90 per cent. of your goods has no opportunity to speak to the people, and people do buy goods when they see them. I don't have to tell you how strongly merchants have put this up to me, th merchants who are really doing the business. The Kress Store in Arkansas City, Missouri, that is a variety store, one of the live ones of the United States. I was in that store and talked for an hour with the man who is manager of it. "Why," he said, "this display is the thing that sells our goods. We do not have to have sales people; all we want is bundle wrappers and cashiers." Now, you folks who have nothing but bundle wrappers and cashiers and cannot help yourselves, why not display the merchandise and let the merchandise do its part? Now, somebody is going to say, "That is all right for little things, all right for little things, but does not do for big things."

Student—How about a store without a counter, have samples all around? How about your groceterias?

Mr. Stockdale—Groceries on the cafeteria plan? I have not investigated that. You can use shelves to a certain extent if you get the people next the shelves, but when you stand up next to the counter and the shelves are back there, it doesn't sell your goods, that is sure. How many think that people buy off of shelves behind the counter to any considerable extent—I mean from the fact of the merchandise being on the shelves? We have four. How many of you are grocery men? All those four that voted. All grocery men. There is the answer. People will look across and see because the groceries in the package show up and you can see something about groceries. That point is well taken, because it sells some, but it will sell many times as much if you can let people close to them. But what about hardware in boxes?

Student—Don't people get close to them without a counter?

Mr. Stockdale—Sure. The argument against the shelves is getting the goods on the shelves, in boxes, where you cannot see what they are. In groceries you take them out of the boxes and put them on the selves, and to that extent you can use shelves. Shelves around the side where people can get to them is a method of display, and in the grocery business you have a better opportunity for that than in any other business I know. But, generally speaking, for all classes of stores the shelf is the thing that is hindering the selling of things. What we want to do is to

get the goods out on the counters. Even in a grocery store we should get the goods on the counters on a level so that people have not to look up or down. Wherever you make people look up or down you lose sales.

Student—You do not mean to tell me that it is possible to have all the goods on the counters?

Mr. Stockdale—No, I would let the variety store tell you that, and I tell you he has more lines than you have. The hardware man will tell you, and he has more lines than you have. He is the only man that the variety store cannot talk to. For display he comes in the class beside him. The grocery store doesn't have one-half as many lines on an average as the variety store, and still the variety gets them all out on the counters. The question is how to get them out there. I will take up a few more of these items to-morrow at 2 o'clock, and my next talk will be this evening and will be on the subject of "Increased Selling Efficiency."

YOUR HOME TOWN—ITS DEVELOPMENT AND PROSPERITY

BY FRANK STOCKDALE

This morning I am not going to discuss merchandising, except incidentally. I presume you men here in Manitoba have not yet felt the pressure that we are feeling down the States. I am quite sure you have not felt the extreme pressure we have felt down the States in this matter of community development. The reason is, like some of our States you are expanding all the time. Your country is undeveloped to a certain extent. But while you may not be feeling the pressure as much as you might, that pressure is exerted nevertheless, and it is simply because the pressure on this side is taken off by a relaxation or expansion on this side that you do not feel the clamps coming together on you in the towns of Manitoba. It is a good bit like your security with the profits at the present time. It is a sort of false impression, because the tendency of our country, the trend everywhere, is centralization. Winnipeg itself is an example of centralization. Almost half, not quite half, almost half, the population of Manitoba is in the City of Winnipeg. That is centralization, isn't it? I will go down to Minneapolis, for example, and I find down there a real thriving town. I happened to be down in St. Peter, Minnesota, that is a town south of Minneapolis. St. Peter is a town that is older then Minneapolis itself, but ifyou go into St. Peter you will see that it is an ordinary, an average town. They seem to be getting along pretty well, but they are not growing. St. Peter is going backward in population while Minneapolis, the last five years, has added 10,000 people a year, just as regularly as clock work. The point I want to make is that this community problem of people is a mighty important thing. You are interested in keeping the people at home, in building up your town and the desirability of a town as a place to do business is not measured by its size. Get that thoroughly in mind; not measured by its size, but whether it is moving forward constantly or going backward. Of course to stand still is to go backward, because the world moves, and those who do not keep step fall behind the procession just as surely as those who stand still; those who walk slowly or travel slowly fall behind the procession, just as surely as those who stand still. People, that is the thing that makes communities and people make values. I was in a town in Indiana not long ago, and they pointed to a man who had a big building on the other side of the street in that town, and they said, "That man came to town only a few years ago; that man is worth $50,000 a year to this town." I said, "How do you figure that?" "Why," a gentleman said, "the enterprise, the ambition and the push of that man means that wealth is distributed to the hands of other people at least to the extent of $50,000 because he is here." Did you ever think of a man being worth $50,000 to his town. Why, there are lots of men worth $100,000 to their town, if they are worth one penny. But one man cannot be worth much to his town unless he succeeds in keeping the other men there, and that

is what he was doing: he was employing people, and he was extending the trade territory of that town. He was an aggressive merchant; he was reaching out and oringing into that town, how much business? Not $50,000. He only had to bring in approximately $150,000, ladies and gentlemen, until he had helped his town to the extent of $50,000. You can see that on the margin of the goods. The man who brings $150,000 worth of business to town, out of that must come his margin, and if his margin or mark-up, if you please, is 30 per cent of his sales, then that would be $45,000 put into circulation in his town. That means something to the other merchants. If he is in the hardware business then the people who work in his store—and they get approximately the total salaries of his store—perhaps have around 10 per cent, that is $15,000, on $150,000 business. That must be spent, part of it at the grocery store, part at the dry goods store, part at the jewelry store, part at the shoe store and part at the other stores. The landlord is interested in it, and so the man who can keep people in town, he is the real benefactor. And who is the man in the average town who keeps the people in town? You men who come from towns of 500 up to 10,000 people without manufactures, what does that town exist for? That town exists primarily for one purpose, and that is to distribute merchandise, and I want you to mark this, and I am only sorry I cannot impress this upon the rest of the men in your town; I am only sorry that I cannot have the preachers and the teachers and the doctors and the lawyers and the hotel men and the insurance men, all the men who cater to the people in your town, I would just like to have them here and say to them frankly, "Gentlemen, your work is worthy; it is important; they could not get along without it, but I want to tell you frankly why you stay in town. You stay in that town because the retail merchants are there, and are doing their duty for themselves and their community." Whenever retail merchandising moves on, the people move on with it, and don't you forget it for a moment. One store that does $100,000 of business on the corner, whenever that store moves on, it takes with it the people who do the work in that store. It takes with it, therefore, away from that town, the salaries those people would earn; it takes away from that town the rent that would be paid for that building. That is, I mean, when the business goes away. Simply because one individual would go away and another individual would come into the same store and take his place, that would not make any difference, but when the business goes away, when the business goes to the mail order house or the stores of the larger cities, then there is a building for rent, and when that building is for rent the 3 per cent or 4 per cent that is paid for that building, that also is gone. Why, you will say, a man can certainly rent it for something else, but mark you this, whenever a store is for rent on the corner and there are not takers, the rents in that town drop to the amount at least of the amount of that store. Is that clear? Why? I will show you why. Immediately there is a closed store, and if things remain that way a little while, this man over there, who owns the store that is idle, says, "Well, instead of $150 a month, I will make it $125," and when he does that, the other fellow back there, who is about to lease his store, says, "I will have to come down to $125." Go into a town and find half a dozen empty stores and you can rent them for far less than where you find only one empty. Every man in town is interested vitally in what I am talking here this morning. Those

people who worked in that store in that quarter of the town, where do they live? Back in the residential part of the town. Those houses were supported by the store on the corner. They move away when the business goes away; they have to, or reduce their standard of living, one or the other, and so they move on; they won't reduce their standard of living, and so there are three or four empty houses back in the residential part of the town. What does that mean to your property? Have we a real estate man here this morning? Well, most of you have dealt in real estate more or less, and you know that the value of a piece of real estate depends on what you can rent it for. , Is that right? All right, when the rent goes down, the value goes down. I have seen that so many times, and so from the standpoint of community prosperity we are supposing that $150,000 of business gets away from you that you ought to have; I want to show you what you are missing. That $150,000 business must pay interest to the bank; he does usually, a man that is running a business like that. He not only pays interest in the bank, but he is a depositor in the bank, and he helps to uphold that bank, therefore the banker is interested. Everybody who works in the bank is interested; everybody who has stock in the bank is interested; everybody who owns property is interested, whether residence property or property on the main street; business property, but we have not finished. Every young man or everyone who wants a job is interested. Take out three or four jobs and competition enters in and we know what the effect of that is, don't we? Take away that $150,000 business, and if those people—some of them, perhaps, will stay in town—if they don't move away, and then they are interested, so there is no way you can get at it but what people are interested. And then insurance and taxes, taxes especially, just a few dollars that ought to be in this paved street out there that is not there, there are a few dollars that ought to be in that new park we are planning to build, or planning to improve, a few dollars that never gets there, never finds its way there, and then there are a few dollars that never gets into the contribution for the home town band, the home town band suffers; some taxes that never get into the school fund, boys and girls that go to school, they have to make their sacrifice; there are some contributions that would be handed over on Sunday morning that never find their way into your church, the new church you are planning to build; well, you don't build many new churches when there are buildings for rent in town, not very many. Then there is advertising; he spent some money for advertising. Over here is that poor struggling newspaper man, one of the biggest and most important citizens in your community if he fulfils his mission, and let us not stop there, if you fulfil yours, don't forget that; he cannot be anything in a community if you merchants do not fulfil your responsibility; you cannot have a newspaper. Anybody with a grain of commonsense that will stop for a moment to analyze things will see that you cannot have a good newspaper in your community unless you merchants support and use it. You have got to get behind it, and one of the regrets of this meeting, from my standpoint, is that I did not get a mix-up with you on the subject of retail advertising. What kind of competition is it that is worrying you today at all, that gives you any concern, advertising competition or non-advertising competition? Have you any competition that is really giving you concern that is not advertising competition? Have you? Why, no. It is the big departmental stores and the mail

order houses. You see the chain store is not a bad store for the community; the chain store is just as good a store, in many cases a better store for the community than any other, so don't worry about the chain store as a community factor. It is there. They leave their money in town and that is all you do for the town. There are men there who leave their influence and their enterprise and their energy in town, and that is all you can do for your town, but it is the other kind of competition that saps the energy, that takes the very vitality out of a town. If you run down the expense column of your store and find that, say, 25 per cent is paid out for expense or cost of doing business, then you would see what that means to your town whenever you would move away. The average individual does not appreciate what the retail merchant means to his town.

Now, here is another point—don't let this one slip—what the retail merchant means to his town has not proved of good value to you until you realize that the other merchants on the other side of the street, even though he be your competitor in the same line, whenever he loses out, you lose out more than anybody else in the community. If you must keep retail merchandising in the town or if you must keep the retail trade in the town for the benefit of the community as a whole, you are a part of that whole and not only are you interested in the distribution of the expense account, but you are interested in the profits from that merchandising; therefore you are interested in two places where the other individual is interested only in one place, in keeping the business at home. What does that mean? You can write up to it, the matter of organization, organization. Down in Trenton, Missouri, they have inaugurated a slogan, or rather that is not the right word, "inaugurated," what is it, "coined," that is the proper word, coined a new slogan; it is the heaviest with commonsense of any slogan I have heard for a long, long time, in fact that I have ever heard with regard to community building. It applies particularly to merchants. I was in a town of 12,000 people the week before last, where the manager of one big dry goods store had never even met, and would not have known if he had met him on the street, the manager of the other one, and there are only three of them in town that could be called good-sized dry goods department stores. He had been there for approximately two years, and never had met, and never had seen his competitor. I was amazed. I was not surprised that that town was losing out to a town of only 4,000 or 5,000 people to the north of it. It was; they had to acknowledge it frankly, and I thought, "My, how good it would be if they could just get that slogan fron Trenton, Missouri," and here it is, "Get acquainted with your competitor; you may like him." I met a man this morning who is on such terms with his competitor that his competitor comes over and helps him inventory his store, and he goes back and helps his competitor inventory his store. Why, in the name of commonsense, just ordinary common horse sense, should people get into this competitive struggle until they cannot see the value of helping one another. Why is it? I think it is because they have not thought. I think that the ordinary machinery that is in your minds, if it ever gets to working, will work right, just about right. I find it does. It is surprising how well it does work when you work it. It is absolutely surprising how well that machinery of yours works when you adjust it to working right, and don't hamper it by throwing big clods of

jealousy into the wheels, clogging up things. If we just get rid of that, we will get somewhere. You want to keep the people in town. When this trade goes away, as I said, the young people go with it, and there is another class of people—I do not know whether they are migrating much from this territory or not—there are two kinds of people who leave town, broadly speaking, they are people who have money and people who have energy, and in going right to the bottom, they are the same things so far as the community is concerned. The elder people, they have stored up their energy in the shape of money, and the younger people, they have their energy all ready to expend, but whenever any of it goes away, you are losing energy, you are losing the real energy of the community. I do not know whether you have much trouble with people making a nice fat stock and then journeying to California or somewhere out on the Pacific coast. I met a man from Iowa, that is the great agricultural State, and I rode on the train with him for a couple of days from El Paso. You see we can go up in the train from Chicago in a couple of days, and it takes a few days to get down to Texas, not to speak of the Pacific coast. I journeyed with him for a day and a half, and we talked of why people went away. I had already learned from the North-western Railway Company why people go to California. They sent out one of their keenest, best paid attorneys to Iowa to see why people went out there. They have got vision enough to see that whenever the people or the kind of people—get this—whenever the kind or the standard of people is lowered in Iowa by the moving away of good people and the coming in of mediocre people, it is bad for the railway; the better the people, the better it is for the railway; the better the people, the better it is for your town. They wanted to know why people went away. They sent him out there and he came back and said one thing, "Good roads." I have mentioned this already several times. "Good roads." This man I rode with was an intelligent farmer, highly intelligent, above the average. What did he do out there? I asked him what he did. He was a great conversationalist. He could carry on one end of a conversation for hours at a stretch. It was a great relief to me. Also, he was a student of history and a great Sunday school man. I would interrupt him every once in a while and jog in a question. I didn't care so much who his sons and daughters married, or about the history of Western Illinois and Eastern Iowa; I didn't care so much about that, but I did want to know why people went to California. I didn't have to ask him why he went there; I asked him what he did when he went there. Find out what people do when they go to a place. You cannot get into people's brains to find out what the intent is. We do not try to get into his brain, or don't have him tell us what his intent is. The chances are if he tried to tell us what his intent was, we would not get anywhere, but we judge from what he does. He motors every day. He owned five machines in five years; you know the type, the fellow that buys a new one and throws in his old one every year, and it had cost him at the rate of $100 a month, to be exact it cost him $6200 for five years' upkeep, not counting what he had invested in his automobiles. Now you know why he went. He went because of the good roads more than anything else. You think it is the climate; a lot of people do anyhow think it is the climate in California, but that is not what takes people to California. We think it is price that sells the mail order house

too; that causes the mail order house to sell goods. It is not true. I opened up an argument there, but I am going to dodge out of it, so why should I care, but you think over it. We had a demonstration last night, and I will tell you why, so that it will help to give you a line to think along. I will tell you why it is not price; because down in the States we have just as keen mail order houses as you have up here, which is saying a whole lot. I realize it--saying a whole lot. We have as keen mail order houses as you have anywhere, but the average town out there is losing out to the big city store two to one, where he is losing out to the mail order house. They recognize it, and realize nowadays many mistakes. There are isolated cases where a man has a cross-roads store in a town of 200 people, but the cross-road store is going; we know it is going anyhow; it is not going to exist very long with city department stores. Nobody says that the city departmental stores sell for less than the local merchant, but they howl about mail order competition when the city departmental stores are getting more of their business at a higher price than the mail order houses are getting at a lower price. Another thing, I met a man not long ago who said that the mail order houses in his territory were not doing him any injury, although they sold some goods. He said they had probably as good a trade in his territory as anywhere else, but they were not doing him any injury. He said the mail order house has created a demand for merchandise, and causing people to buy more merchandise from the kind of advertising they did. That is what we see; the advertising a man does in a national field every day creating a demand for new things; things we never thought of supplying. He says the mail order house is hoeing its own row; he is glad to see them getting business; he says he can go out and get just as much as he would if the mail order house was not there. I have not much patience with a man who has not got as much business in a trade territory as he would if the mail order house was not there. Now, to continue along the line of road-building, Mr. Irwin gave you the real meat of this road-building proposition when he gave the illustration of a man who advertised in four directions. In one direction he did not get anything. Why? Transportation. It was train schedules, I think in that case, wasn't it, Mr. Irwin, but automobile schedules are just the same thing, no difference. Automobile schedules and train schedules are just the same so far as bringing in trade. I know a town which was losing trade, lots of it, because a bridge was out of repair. Ever notice that? Ever have anything like that happen, any of you? We have had it happen so many times, the bridge is out of repair; people do not like to go across it; there is a bad stretch of road. One thing that will cause people to buy from mail order houses is to leave the road so that people cannot travel to your town and then they have to stay at home, and what an interesting book they have to read, think of it, what an interesting book. I saw a mail carrier with a lot on his back down in Iowa one day. I knew what he had on his back, but I just wanted to hear what he would say. You talk about mail order houses, and you ask people about their Ford machines, just to hear what they will say, to see if they have anything new, and so I said, "What have you got there?" "Oh," he said, those are mail carriers' bibles." I said, "What do you mean by that, mail carriers' bibles?" I thought I had him when I asked him what did he mean by that? But he was right on the job; he was there with the come-back. He said,

"We call them mail carriers' bibles, because those who do not swear by them swear at them." I do not know how it is up here, but they are read more than the family bible is in the majority of homes down with us. Mail order business is good when the snow falls deep and people cannot get out. Mail order business is good when the mud gets deep and people cannot travel. Mail order business is good when you get back in the country, where people cannot get to the store very often, but mail order business is not very good in towns; mail order business is not worrying people in towns. Why? People in towns are just as economical in many cases as are people in the country. Not as an average, however; I do not think they are as economical as an average, but a lot of them are very economical; but there is somebody on the job there to sell them, and they can get to the stores and see the merchandise. I cannot think of anything that is more important. If you can think of it, I would like to know what it is; I cannot think of anything that is more important to a man than to invest some of his money in building good roads; build them from your town out. Here is a mistake a lot of them make. I know a lot of towns that have good roads, and they do not get anywhere. I know a town within 20 miles of Kansas City, Missouri—Kansas, we call the little Chicago of the West; it is a live bird, Kansas City, and when we think of it, we think of the live ones in our country, within twenty miles of Kansas City. They have a Santa-Fe road, double-tracked, and an inter-urban line running through the town, and I was there two years ago, and the grass was growing up between the tracks on the public square—not enough to pasture a cow, I am not going to exaggerate—but the grass was growing up enough to give a sort of green aspect to one side of the public square in that town, and whenever you see a thing like that happening, whenever you see the grass growing up between the tracks, you may know that tracks were either laid there too quick, or there is something happened since they were laid. If you do not have enough travel on the road to keep the grass growing up between the tracks, don't put down a track road, people don't usually do it, but that was a dead town. Why? They had mighty good transportation, fine, but Kansas City just reached right out over those lines of transportation, and just pulled the very vitality out of that town; and what was the vitality? Nothing more or less than they got the trade; that is all there was to it. If you are near to Winnipeg, any of you merchants, and your transportation to Winnipeg is not very good, don't put any of your money from a merchandising standpoint in building a road to Winnipeg, because you are building a road for your customers to travel over; that is what you are doing, to travel away from your store, just as sure as you are a foot high. This town right north of Kansas City is Platt City, Missouri. They had been getting along pretty well up there, because a railroad runs crossways, and they did not have any good connections to Kansas City; the only way to Kansas City was over roads not direct, and they were getting along fine, then Kansas City decided to build an electric line up in that direction. I was there a year ago, after it happened. I was introduced by the Judge of the County Court, Platt City, and I was talking along these lines, and after I was through he said to me, "I certainly feel very keenly about the things you have been talking about today." He said, "Two years ago, my property was worth such and such a figure in Platt City, but today I

should be glad to sell it for fifty cents on the dollar." Why? Because that inter-urban railroad had just taken the vitality out of Platt City; Platt City didn't have a chance in the world. They had been lying up there asleep at the switch, just talking about their trade, because they could not get anywhere else. The kind of road you want is one that starts in the heart of your town, if it is only a town of five hundred, and runs out here, and nobody knows where it ends. If you have a road so that nobody can say definitely where it ends, then you have got a road just for you; that is your road. That is what happened at Kansas City. We can say it ended at Platt City; it is getting rather indefinite now.

While I believe that the right community spirit is a factor in holding trade at home, I do not believe it is an argument for the merchant to put up. What do you think about it? Any more than it would be an argument for me to put up to say, "Now, I have come up here at the instance of the University, and they are paying me. Now, gentlemen, it is your duty to come here and listen to me, and when I ask for questions it is your duty to ask questions. It becomes your duty now under the circumstances. You are interested in the University, and the University is paying Mr. Irwin and myself. It is your duty now to come here and partake in these things. It does not really matter whether you get anything out of them or not." You would laugh at me and the farmer would laugh at you when you talk about his duty. Mr. Curle may talk that way; that is all right; he is not delivering goods here from the platform; he is the general manager of this store. Now you put yourself in a very similar position when you go talking about duty, don't you? If I come talking to you that way, you would say, "Well, he is afraid to stand on his merits, 'sent to talk to us.' He is trying to swingins some outside things here, and make us think it is our duty to do them." You merchants cannot safely use the duty argument. Your newspaper can for you, but be careful that you are not mixed up in it so that nobody can say that you are; not that you need be ashamed of it, because it is absolutely sound, and sound to the very core, but people do not like to be treated with in that way. The salvation of the town lies in your efficiency, and your efficiency depends upon what? I am going to say it, and I want you to get it; it depends upon organization, real organization. The committee has already been appointed, and things are under way in the right kind of shape, through the agency of the community club. Is that what it is known as, "The Community Club?" The "Social Service Club," that is it. You have already appointed a committee, and the organization has been effected. That was done only yesterday to help towns along the lines that I have indicated, and along many other lines. You see a town has to be a good place to live, and a good place to make a living. This Social Service Council is going to help the towns of Manitoba to become better places to live in. It is up to you to make them better places to make a living in. They cannot do that for you, but they can help you perform one big part of it, and I would not stop here to say that a town is better because it is a good place to make a living in than it is if it is a good place to live in. You have got to have them both. East St. Louis, Illinois, is a good example. It is just across the river from St. Louis, Missouri. It is a good example of a good place to make a living, but a poor place to live. You have read of the race riots, all of you. What

was the trouble with East St. Louis? They have got a lot of factories in there, and those factory men were getting along fine; they were prospering, but they did not have any Social Service there. Why? They did not have any good churches and schools and civil leagues, or parks in East St. Louis. They could not have them. Why? Because the retail business was done over in West St. Louis, and East St. Louis had none, and that hurt it so much, that was the trouble. You want in your organization to get behind these. The Social Service organization can accomplish a great deal for you; it can help a lot, but you have got to help yourselves, through your own retail merchants' organization. That is the place where you can put in the good work, because you can help to lift your town by lifting yourself, but if you are going to really lift it and hold it up, every merchant in town, or almost every merchant—there are a few that you will never get to co-operate with you, and that is one of the things about this organization work that I would like to present to you very briefly. Do not say that "This must be an absolutely unanimous thing before I go into it. If everybody else will do it, I will come along." Many times that is merely an excuse because they know that old man Smith over on the corner, who has been in business there for a long time, has been against everything of a community nature ever since they knew him, and would be as long as he lived, and the only hope of the town of getting rid of his antagonism will be when the undertaker sells his; he would be in the way as long as he lived. Now just forget that fellow. I find that fellow coming in and doing a lot of harm simply because people do not know enough to go right ahead and just ignore him. Let him be. The best organized town that I ever struck has one man that fights them all the time, from start to finish; he fights them from beginning to end, and sometimes I think it is a mighty good thing. He keeps them right on their metal; they do not go to sleep. That is Neosho, Missouri. If they make the least slip up, he magnifies it, and advertises it. I sometimes am inclined to give him a little credit for that, although he does not earn it. He is just trying to be as contrary as he knows how.

I talked to you last night on self-satisfaction. Self-satisfaction is liable to be a permanent thing, instead of being merely a temporary thing; it is liable to become chronic, a chronic blind disease—self-satisfaction. There is more to it than mere self-satisfaction, and I went to Webster to try to find a word that would express the disease of towns, and I could not find anything, so I just coined a word myself, and I am going to pass it on to you. If you want your dictionaries to be absolutely up-to-date, right up to the minute, take this word, and when you go out put it in at the proper place, and put your definition along with it, because your dictionary is not up-to-date unless you have this word in it—"Smugosity." That is a combination of ignorance, superstition and self-satisfaction, not ordinary ignorance, but ignorance of what is going on in the world, sort of sectional ignorance. People know enough about what occurred about 100 years ago, but they do not know what is occurring right now in towns. Then with superstition you have a certain number of people that are always looking back over their shoulders, and they refuse to adopt anything that has not already been used; the new, to them, is absolutely impossible until they are forced into it. They stub their toes very often, because when a man is looking back over his shoulder, he is nearly

sure to stub his toe once in a while; but self-satisfaction, that is the greatest of them all. Ras. Wilson, who writes observations for the Pennsylvania Pittsburg *Times* says, "What is worse than being self-satisfied?" Elbert Hubbard the next week said, "Dear Ras. Deep down in your heart, you know there is just one thing in the world that is worse than being dissatisfied, that is being satisfied." Whenever you are entirely satisfied, it is all over, isn't it? All over, but the preaching at the funeral.

I have already talked about the spirit of a town, that when the business goes down it takes away the live wires, the best spirits of the town. Now, instead of calling upon Mr. Curle to give you this, I am just going to quote a thing that he said last night. I am going to use it from now on. I never expect to give a talk if I can think of it, and have time, that I do not quote this, that a town without spirit is like a body without the spirit; it is just a carcase or a corpse. That is pretty raw, but it is just exactly right. It is the spirit that makes the town. Take the spirit out of the town and it is dust to dust; that is all there is to it, dust to dust. That is what we need in a town, the right kind of spirit, and when you get into a town you can very readily find what that spirit is. It is the team work spirit—that is what we want today. Team work is a sign of sanity, so the scientist tells us, and it certainly is. You can demonstrate it if you want to. A man that does not believe in team work has a slight touch of Paranoia, a slight touch of insanity. Elbert Hubbard used to tell the story, and I always like to give him credit for it, of his visit to an insane asylum—you have perhaps heard it, but it is always apropos to this subject. He had a friend there who was a keeper in the insane asylum. He had charge of a number of inmates, and he wanted to visit him. He was an old boyhood friend, and he went there to visit him, and he found he was not in. They told him he was out. He had twenty of these patients out for an airing—out for a nice walk—and so he decided to go on out, and he started on out and he met his old friend. As he was going along the way he was thinking what a terrible thing it would be, and what a long chance he was taking going out there with twenty of these insane men. Think what would happen if those fellows ever took it into their heads to demolish him, even if they did not have any arms, knives or pistols, and he said to his friend, as soon as he got to talk to him privately, "Do you realize what a long chance you are taking when you go out with twenty of these fellows here. They might get together some time and tear you limb from limb; put you to an end in the most brutal manner possible; makes me shudder to think of it," and the keeper just laughed and said, "You are a little off from your base this time, Mr. Hubbard. Do you know the reason those fellows are here? Why," he said, "if those fellows could get together they would not be here." That is the trouble with them; they cannot get together on anything; there is not any two of them can get together. No two insane people can get together. You never knew it to happen. Insane people become confirmed individualists. They stand upon their individual rights and prerogatives at all times. Now we have got to sacrifice our individual liberty sometimes for the benefit of the whole, and being part of the whole, the good returns to us in larger measure. Is that right? That is the way we have to look at it. It is a part of your business to really get organized. I know I am touching on Mr. Irwin's subject here in several places, but there

is enough to be said on this for all the time that both of us will have today and it cannot be emphasized too much. He can come along and emphasize the things I have said. I want to say, however, that I heard a little jingle that I want to end up with here:

If you want to live in the kind of a town,
  Like the kind of a town you like,
You needn't pack up your clothes in a grip,
  And start for a farewell hike,
For you will only find what you leave behind;
  There is nothing that is really new.
It is a knock at yourself when you knock your town,
  It is not your town, it is you.

Good towns are not made by men afraid
  Lest someone else gets ahead,
If everyone works and nobody shirks,
  You can lift a town from the dead.
And if while you make your personal stake
  Your neighbor can make one too,
Your town will be what you want to see;
  It is not your town, it is you.

SERVICE, CUSTOMERS, AND THE GOODS THEY NEED

BY FRANK STOCKDALE

I want to take up some loose ends of our discussion on merchandise display of yesterday afternoon. I am just a little bit surprised that the questions in the question box, more of them, did not pertain to merchandise display. On the other hand, I am not so much surprised because I had a man suggest to me that some men who are making the most money in the retail business in this Western country were some of the people who had the most untidy stores, that is, their stores were so topsy-turvy, you could hardly make head or tail to them. I don't know whether he is right or not but I do want to say that the man who makes a success under those conditions has at least followed out one principle of merchandise display, he at least had the goods out where they can be seen and handled, and that perhaps may partly account for his success.

I cannot find language strong enough to impress upon this audience the absolute necessity of displaying merchandise, get out. Now some of you in particular lines of business will say, "You are going too far when you say to eliminate shelves." Now, I realize that if I were to make that broad assertion and try to apply it everywhere I would be going too far, but if you would move on the average at least three-fourths of your shelves out into a stock room and use them out there you would probably get along better in selling, and as I suggested yesterday, shelves may be used to display merchandise if you let people close to them. There is one point, however, about the use of shelves I want to bring to your attention. I got this point from the Owl Drug Store on the Pacific Coast, a chain of stores, and I have compared it with many, many drug stores. I find that they aim to keep on the shelves just enough merchandise of any article to take care of what they would consider their busiest day, the rest is in the store room. I want to show you just what that means. I have a space here, this is my shelf and I put on that shelf a dozen items. This is not very uniform, but it will serve the purpose, I have a dozen items on the shelf. Now I will ask myself how long will that dozen items last me in my store. I will ask the proprietor of a store. "Why," he will say, "that dozen items will last you, say a month." The average dozen items will last him a month. All right. He didn't want to go to the extreme of the Owl Drug Store, he wants enough on his shelf for a week. Now we will say that we get enough on for a week and we will leave four of them on and we will take the other eight and put them in the stock room. Now you can bring two other items of merchandise of equal size and importance and put them right on the shelves here. If they happen to be smaller or larger you can modify. Now what happens? The shelves are for the clerks, remember that, the shelves are for the benefit of the clerks. Shelves behind the counter are for the benefit of clerks and don't go very far towards selling goods, and since they are for the benefit of clerks, why not fix it so that the clerks

can wait on the greatest number of people during the rush period. One of the greatest problems in store management is to take care of customers when there are many in the store. We have so many peaks and valleys in business. Start in the morning, scarcely anybody, noon rush, then drop down; there is a time here, a time perhaps in the evening, when there is not very much doing. Then is the time to put in your slack time so that you can wait on the greatest number of customers with the fewest number of clerks. That is ordinary common sense applied to business and the man who gave me that point was a common sense business man and was making a profit out of his business. So he puts there three articles so that the same clerk standing in the same place can reach three times as many articles without moving; in other words, the clerk saves a third of his steps. And another thing, another advantage is, if you have a stock room and keep it up to date, of course the one trouble that is complained of, among others that are being handed out at this short course, is that they won't work themselves. The great problem we have, Mr. Irwin, is that we are trying to sell these gentlemen a job, we are trying to sell them labor and this is labor, but we are going to economize in the end. It is going to take a little more labor to take care of your business right than it does to take care of it in a slovenly manner, but you are going to get paid for every bit of it if you can take advantage of your sales people in the dull times to stock up your shelves for the brisk times of the day, and then have your shelves fixed so that you can serve the greatest number of customers. I tell you, ladies and gentlemen, frankly, that the Owl Drug Store can stand a man behind a counter and he can reach from where he stands at least ten times as many items as the average man standing behind a drug counter. Don't you think he can wait on customers more rapidly? What is one of the esentials of service in a drug store or any store that handles the small items of merchandise, what is it, speed, promptness. When you come in for a small article, you want it quickly. I was in a grocery store the other day, a man who takes a great interest in business efficiency, a little girl came in and asked for a box of Cracker Jacks, and he stepped over to his counter and then stepped up on a ladder to get it, and then you wonder why this merchandising game is so hard. How many times do you in your store do that same trick? He used enough effort to sell that 5c article that if he used the same amount of effort to sell everything else in the store, I don't see how in the world he could make money —and he was the proprietor of that store—cracker jack on the top shelf. If you don't want to eliminate anything else in the store, in the name of common sense eliminate the top shelf! I would not have any top shelf in the store, that is, for store merchandise. Use it for display, use it to warm up the atmosphere of your store! You men in the drygoods business have heard that for some time but men in the hardware business, men in the grocery business and men in various other lines have not got on to that. Use the top shelf for display, get a good big display up there so that it will make an impression upon the customer down below. We have several hardware men here and they are live wires too, but if any hardware man can tell me why it is good arrangement of a hardware store to pack the goods almost as high as the ceiling and then use a ladder and then climb around over that ladder to wait on customers, I would like him to explain it. Now this is not mere theory. The best example I know, is a man down in Pittsburg, Pa., Louis J. Heckler. To my mind he

has the best arranged hardware store from that stand point that I have ever seen. He didn't have to climb a ladder for anything in the store, but he does go this far that he has a ledge up there of a certain height, not too high, in fact he has two steps so that he can step up and reach his top shelf and doesn't have to move a ladder along and he certainly has his goods put in in a compact manner. Of course, now, the thing that will apply to hardware stores will apply to any other store and I will just continue a little further. In arranging a hardware store we have got to recognize that the hardware store carries a number of things that are not sold very often and are sold to particular classes of people, that is in the line of tools and things that are not in popular demand, and it does not pay to put them out on tables to try to interest the general public, and that is one reason that hardware stores can break over the general rules of store arrangement and arrange their stores very much as they like. But the variety store has broken in on the hardware store quite a bit and they display their wares. They are also edging in on a number of other stores. Of course here is another thing about merchandising that I want to call your attention to. I have found a number of people, especially a few years ago, that when you mentioned a variety store they would smile; in other words, they did not regard the variety store as a legitimate store and they were absolutely too dignified to run a store like that, that is all there was to it, that is what their smile meant. Dignity! Dignity! The most dignified building we have in the United States was built on 5c and 10c items—the Woolworth Building in New York, no more dignified building in the United States than that, built on 5c and 10c items, because they knew the value of display. And they are extending, extending. We have one big store, the Cresley Company in Chicago, who have gone into 25c and 50c items. They are not going to leave those items to the other people. They have found out that they can extend their field and they are doing it.

I want to give you an idea or two on store arrangement. If you have a dry goods store—are piece goods on the right-hand side or the left-hand side? They are on one side or the other. How many of you have a drygoods store that don't have piece goods in the front, that is what I want to get at? Can anybody tell me why piece goods belong to the front of a drygoods store? I think I can tell you why they don't belong there.

Merchant—Better light and lets people see the goods.

Mr. Stockdale—That is the only argument and that is an argument against the store itself. If that is the way the store itself is made, alter your arrangement. It is against the principle of store arrangement if you cannot get the light. I was in a store in Tulsy, Oklahoma, the other day, a new store, a fine new store, three or four blocks in width. Piece goods were in that store. Do you think piece goods were on the first floor? How many of you were ever in a departmental store that had piece goods on the first floor? Hold up your hands! One. I have been in one, too, the Boston Store in Chicago, has piece goods on the first floor. What is your example.

Merchant—Robinson's here.

Mr. Stockdale—Right here. I want to explain why, possibly it can be explained, too, the reason why the Boston Store in Chicago has piece goods on the first floor, it is because they make a drive on piece goods, they want to be

known as the "Piece Goods Store" of Chicago; they are pushing piece goods at the expense of all other kinds. Is that the case in this store? Do they drive them hard? They drive piece goods hard? How many of you men here who have drygoods stores are driving piece goods hard? If you are trying to push the sale with all the energy you have on piece goods as the Boston Store is doing, then the first floor is all right, if you are specializing on piece goods that is all right, but we have two examples out of how many? Probably the people in this audience have been in at least a hundred departmental stores and they only find two examples out of a hundred at least that have piece goods on the first floor. They have piece goods on the second floor or the third floor, that is almost a uniform arrangement of goods in a drygoods store or departmental store. What do they have on the first floor, just analyze what a departmental store has on the first floor. Now they are up against a real proposition. Here we have the front part of the store as valuable, they have the first floor valuable, don't they? In a departmental store of five stories, how much is the first floor worth in rent as compared with the other floors? Approximately 50 per cent. The first floor rented under ordinary circumstances would rent for about 50 per cent of the whole rent. What kind of goods are they going to put down there, what kind of goods must they put down there if they are going to pay that rent? They are going to make the first floor pay its rent, and then they are going to attempt to have the other floors pay theirs. They are going to put the long profit down there, the new goods down there, the novelties down there and so on. Most of the departmental stores have restaurants now. I am quoting departmental stores. You say, "That doesn't apply to my store," but it does. The principle of arrangement applies to any store. Now a great many departmental stores have restaurants. Where do they have them? Top floor, usually. Why? What is the restaurant for in that store anyhow, to take the people up stairs, to accommodate the people, it is not run because they want to go into the restaurant business usually. A grocery department comes in to a departmental store, and where do you find the grocery department usually? Away up, one of the top floors. That is the same principle. Just to show you that this applies in a small store—A man said "In the general store put your grocery department in the rear." Now the rear of your store agrees with the upper floors in a departmental store, and that is the principle we want to keep thoroughly in mind.

One of the points brought out by the gentleman who spoke this morning was that the customer is first. Whenever you get one of the principles in this merchandise game you get something that you can use in so many places, if you get it thoroughly ingrained into your system and really believe and go on the theory of the principle that the customer is first, then you are going to arrange your store for the customer first, and as I suggested to you yesterday your stores are arranged, in the main they are arranged, for the salespeople first. That is a fact, isn't it? They are arranged for the salespeople first and the customer second. I was in a store down in an Oklahoma city of about 10,000 the other day, in a drug store. I saw out in the centre of this drug store a table with books on and the man was telling me about his books. "Why," he said, "since I have put these books on the table I have been selling so many more, in fact, I have sold more this last month than I sold in a year previously. I have had a number of people come in and say, when they saw the books, 'Do

you carry books?' I had been carrying books for four or five years, but they didn't know it."

You and your merchandise are like the young man—in many cases you and your customers and your merchandise are like the young man—who threw a kiss to his girl in the dark. He knew what he was doing, but she didn't. You know what merchandise you have, but the customers don't. Of course, now I am not going to speak too strongly here at all to a fellow who doesn't know what merchandise he has got in his own store. No use to talk to him: a stuffed club is the only way to waken that man up, a man who doesn't know his own stock, but I have been in a number of stores where the merchant did not know of his own stock and then he wondered why the Mail Order houses were getting as much business. He expected the people to know more about his stock than he did himself, and he expected them to come to his store and buy goods in preference to the stock that is here being explained to them.

I am coming back to variety stores. I cannot go anywhere else for basic information when I talk store arrangement. One of the best variety store men that I heard speak for sometime said that from thirty to fifty per cent. of his sales were to "lookers," that is, those who came to look and remained to buy. How many of you have gone into a variety store and got out without buying something that you didn't intend to buy when you went in? I have tried it a few times myself. Even though this audience is largely of men, how many of you have ever gone into a variety store when you didn't expect to buy anything in there and were not in there to loaf but just wanted to go in and view the exhibits, how many of you have dropped into a store under those circumstances? Hold up your hands. Ladies and gentlemen, a display of merchandise will interest anybody any time if you let them walk in and have it understood that the clerks are not going to bother them to buy. One of the weaknesses of the variety store is its strength, strange as that may seem. Those clerks who are behind the counter, so many of them do not care whether they sell goods or not, the people just ramble round there and buy goods, more than they would otherwise, because the merchandise is there. There is one point I want to emphasize again and that is, those of you who are selling bigger items, you say "People won't pick up a suit of clothes and buy it." I agree with you, that is all right, absolutely all right. People are not going to go round and see a suit of clothes hanging up there and say, "That is very nice," and bring it over to you and say, "Wrap this up, here is your $25." No, they are not going to do that, but just apply this personally. Don't you like to get in, even if you are buying a suit of clothes, and take a little survey around and get some definite idea of what you are going to buy, and when you have looked around the stock you know something about it. Don't you think you have started the sale before the sales person comes in and helps you out, that is, to help you out with the service end of it, but you can go around and perhaps find the style of suit or the fabric or the cloth you want and that much of the sale is done. No matter what it is the merchandise helps with the sale, when it won't accomplish the whole thing, and no piece of merchandise is too big to help with the sale. When you get a very highly specialized piece of merchandise, then you have got to put some real selling talk behind it, when you get the right kind of merchandise. People don't ask for it. We may have some life insurance men in here, especially a man who never bought any life insurance.

Did you ever hear of a man w[illegible]e not bought any going around to a solicitor and saying "I want to buy a[illegible] life insurance to-day?" One man. Had you bought any before? You were already a purchaser and were acquainted with it. You, in that case, preferred to do a little of your own buying, didn't you, you selected your solicitor and your company and what not, I don't know what it was. That is a trait of human nature. We do like to do a little of our own buying, like to have a little bit to say as to what we buy and the merchandise before us helps us to have that say.

Now there is a matter in regard to the atmosphere of the store, I want to press that home to you again. I am inclined to the opinion that perhaps when I said that color was one of the things in getting a warm atmosphere in the store that you thought that was absolutely too little and inconsequential for an upstanding man to think of, that just a little bit of color in a display had anything particular to do with it, but when you look at things there are these two things that you see, color and outline. You look around and that is what your merchandise is for, and that is what merchandise display means. It is there for you to see it. I have seen stores that were warm half way back, and when you got back there no matter what the temperature was, no matter where the stuff was in that store, where the radiator was, whenever you got there everything was cold, cold. You associate dignity, the thing that is dignified and the person who is dignified, with a cold personality, don't you? Now your store may have just the same kind of a personality as a person may. It has a warm personality or it has a cold personality. You have gone into store after store where you just sort of shiver when you go in there. That fellow whose store is about like himself, if it is a little unkempt, is likely to produce a better impression upon the people than a lot of those finely kept stores; and here I want to impress upon you the fact that you make your store fit your community. I know a man in a country neighbourhood who is one of the livest wires I know of in the retail game, who is president now of the Cleveland, Ohio, Advertising Club, who runs a little store out in Willoughby, Ohio, a town of 5000, a live wire but he has still got that old trap door he has had for years, got that old trap door with a rope that comes down with the pully and weight. You put in some nice oak fixtures and fix it up in nice shape and the fellow that chews tobacco won't come in to your store. He sells merchandise to the fellows. He makes his store fit his community and that is the thing we have to do to-day. Don't misunderstand this statement. I want to say that, generally speaking, glass is a non-conductor of electricity and of sales. It is a non-conductor. Now the jewelry men, you are the men who don't want to misunderstand me because when you put fine jewelry in your store you have got to cover it with glass. That is a case of necessity, absolute necessity, but you people cover up your ribbons. Do you think that is necessary too? I was talking to a man one day about that and he said, "One man asked me 'What do you do with your ribbon? Don't you keep them under glass?' " He smiled and he said, "Do you know what our problem is in the ribbon trade; our problem is to get people to rummage through our ribbons, our problem is to get people to take hold of them and see them, examine them. We cannot get the sales of ribbon that we like because we cannot get people to touch them, cannot get the right atmosphere around." He said, "We have watched it pretty closely." Of course, when you talk about displaying goods, somebody will talk

about theft and soiled goods. I have never seen any store that had a greater number of customers thronging its aisles than has the Cressley Variety Store in Chicago, and their figures show that their theft is small. They have a small theft, they cannot avoid it; they have some soiled goods, they cannot avoid ; but they sell enough goods to take care of it. I should just as lief mark down goods for theft or soiled as I would mark them down because they were out of date and old. What do you think about it? It is not any particular difference to me how I lose my money, if I lose it; the way I lose the least of it is the thing, that is the method that I am going to take. I am going to take the method that will keep the most money for me. Simply because somebody stole a little merchandise once in a while and gets away with it is not going to deter me if I find that what they stole is considerably less than what I would have to give away to people. Of course, the preacher might not agree with that idea of merchandise, he would have to take the morality standpoint, but the matter of displaying merchandise is so great that I hope that these few references and illustrations will help to carry you up to the point where you will go out and find out about it. This is given you for the purpose of making you think and of helping you. If you go to other stores, I want to tell you frankly that if you have been out in some of the stores around New York, many of you, say, during the time I have been talking to you, you might have picked up more ideas for use in your store than you have obtained here, but you have to be looking for those things before you pick them up. We find the thing we are looking for.

I thank you.

ADVERTISING IN A COUNTRY NEWSPAPER TO GET THE BEST RESULTS

BY F. PRATT KUHN

The last speaker, Mr. Irwin, has brought out so many points I wished to talk about in regard to the advertising of a country store in a country newspaper that I will have to change my paper considerably, and will do so in a running comment as we go along.

He very truthfully said that analysis of the field is one of the most important things that is possible to-day for a retail merchant, whether he be in the country or city. The point of service, whether it be in the country or city, is the one thing which will hold trade in the face of lower price consideration and of even apparently sometimes better goods.

I have an instance in point now in this city. I am, more or less, a stranger here, only having been in Winnipeg a few months. Being always studying the reasons why for successful merchandising, I was interested in watching the way the good wife established relations with the corner grocerymen. There were two small grocers from whom we bought. The other night she told me, as to one of them, he was not going to be bought from any more. I said I thought he was the likely man to have the business. She said "No." He used to ring up some times and ask her if she was satisfied, but he talked more than he performed; said he was going to do things but didn't deliver the service. The other gentleman kept plugging away and delivering good service, and he is the successful candidate.

Another topic Mr. Irwin referrred to was the personal touch the retailer has with trade. That is most highly important, and Mr. Irwin brought that out very fully.

The last letter I wrote this morning before coming here was to a newspaper who asked the best way to improve their paper. Here we are studying the best way to improve retail stores, so the combination of improvement of newspapers and the improvement of retail stores and their advertising looks very good for the future of Manitoba retail merchants and advertising as a whole.

My subject is announced "Advertising in a Country Newspaper to Get the Best Results," but should, I believe, be amended by adding "And What to Do Before Advertising in Any Newspaper."

The consideration of even this one subject could with profit take up a whole week's time, so my talk to-day, being confined to less than an hour, will be necessarily sketchy, and valuable more by what you read between the lines than by what I actually tell you by word of mouth.

We give the fruits of our knowledge and experience and try to inspire you to develop your own business for your own advancement and for the advancement of the community.

We will take it for granted that every man here wants to increase his business at the least cost—he would like to see all the possible customers within his trading territory come into his store or at least to his town—for what profits the town *must* profit each one in it, and it is this community spirit that we need in the West to-day for our own protection and future growth.

I do not think it is necessary to elaborate on that community spirit idea, because we are all solid for it. The protection of the smaller merchant is the community in which he lives. If the people of that community are not dealing with the home merchant—and the merchant in that territory is the logical one with whom they should deal—there will soon be no community—nothing but stragglers, and in the general breakdown of that community everybody will suffer—and not least those who neglected to support their home stores.

A man running a grocery store has very many lines of goods in his stock, and as those stores are in the majority in Manitoba we'll talk to the grocery man, though what we say may profitably be applied to any other line of business; that is, a hardware man, the general store, anything. Just take the points that we give you and you will find they are quite adaptable for your own business.

The big thing in your community is the weekly newspaper, published usually by men who know everybody in their territory and have local correspondents in each nearby village who supply the intimate news items that mean so much to the people mentioned and create reader interest in every subscriber and thereby interest in the advertising, which to a large degree keeps up the weekly newspaper and makes it an economic possibility to publish.

Now, in Manitoba, which we are specifically considering to-day, there are only 75 papers published outside of Winnipeg, Brandon and Portage la Prairie, and they are all weeklies.

26 are in towns of between 200 to 400 people
12 are in towns of between 400 to 500 people
22 are in towns of between 500 to 1000 people
11 are in towns of between 1000 to 2000 people
and 4 are in towns of between 2000 to 5000 people

This shows us the great class to be newspaper towns with populations below 1000, of which there are 60, and of these about 50 publish eight-page papers, four pages of which are printed for purposes of economy at one central printing office and the sheets expressed to the local man, who sets the other four pages with local news and local advertisements. The other ten papers will publish entirely home print and are consequently better papers.

The description of one of these typical Manitoba weekly newspapers taken from the last issue of McKim's Canadian Newspaper Directory is interesting, and reads in part as follows:

"Russell." Population, 800; paper, *Russell Banner*; circulation, 750; is 220 miles north-west of Winnipeg, 10 miles from Saskatchewan border; chief industries, ranching, farming, lumbering; surrounding towns where no newspapers are published, Shellmouth, Minniske, Millwood, Angusville, McNorth, Calder, Silverton, Endcliffe, Harrowby.

I might explain that Russell was chosen haphazardly from our paper files (we file every important paper in Canada), and any other of the Manitoba towns might be analysed in the same way.

Looking over a current issue of the *Banner*, we find that a half column of local news notes is devoted to each of six of these surrounding towns—all within trading distance of Russell. Now, say the average advertising rate is 25c an inch in papers of this class, there is no merchant so dead that he could not use from eight to eighteen inches a week with profit to himself. For eight inches he is only investing $104 and for 18 inches $234 a year, and is placing his announcements before an audience that can, and will if he does his work right, "return his investment many fold."

But you'll remember that I said the title of this talk should include "What to do *before* advertising in any newspaper." By that I mean if I were a merchant in a small town wanting to make business grow through advertising, I'd sit down and analyze myself, my store, my stock in trade and my possible market in that town and territory, so as to make my advertising effective when it started. To analyze one's self is important, because not all men can succeed along the same lines.

One does it with a great Hurrah! Another very quietly but much more surely. So let me emphasize—put in writing your analysis of

Yourself,
Your territory.
Your store,
Your competition.

Speaking of territory, here is an advertisement clipped from a local paper of a man who does not advertise in his natural market nor has he analyzed his prospective market. Just see what a foolish argument this seems:

"To readers of this paper I will send a valuable recipe which will make bread, wholesome, digestible, free from fermentation; needs no buttermilk," and so on. "Numerous unsolicited testimonials from medical men," etc. "Just cut out notice and enclose post office order for 25c to Grafton St., Dublin, Ireland." Imagine results coming from that advertisement when the Food Controller is asking us to cut out home baking, to use war flour, and here is a man that wants us to write to Dublin and get something that any miller here in Canada supplies free of charge. As advertising, that is not good advertising. I have another clipping here, 10 inches by 3 columns—30 inches—from a country weekly, headed "Smith Does Not Believe in Advertising. He Says It Is Like Throwing Money Down a Well." Then Smith goes on to say he has coal and wood, harrows, gasoline tractors, cream separators, does tinsmithing and plumbing, and lists everything possible to list. Now, a man like that should live up to his belief at the top, stay out of advertising, because he would probably get no results. He has not obeyed the fundamental principles of advertising. He has not really told them anything, but left a confusion of ideas in the minds of any one who took the trouble to read his ad.

Then I'd study my stock. I'd divide the year into seasons; this does itself almost automatically so far as selling some articles is concerned. But few small-town merchants have more than a hazy idea of what could be accomplished by forcing seasons a little ahead or a little longer.

Divide your year into months, then divide your stock into those months when it should sell best. List this all down. It will take a few evenings to do it but it's worth while.

Now you're ready for your advertising.

You know there's so much business in your town and territory. You know what should sell best during each month of the year. Your prospects or householders are only waiting suggestions from you as to what you have for sale that they should buy. As we indicated before, there is no way more efficient than steady advertising in your local paper. There's a homey interest in every item of a weekly small-town paper that does not obtain in the big city mediums.

Everybody knows everybody else, or at least knows of them, and in such favorable news surroundings it is not hard to secure attention and interest provided you have news in your advertising.

Let us take this month of February, for instance. One week talk about fresh fish, another syrups, jams, canned fruits to supply the pantry shelves that are emptying so fast; another a special demonstration of home cooking with the new war flour and a sampling of results by your women customers; another a sale of advertised brands of teas—Red Rose, Salada, Blue Ribbon, in 5, 10 and 20-lb. packages, to offset the peddlers who will be going strong about spring time among your customers with all sorts of unknown, unguaranteed bulk goods. Do you grasp the possibilities of such a programme?

Let me digress here enough to say again that I aim this talk to be inspirational rather than academic. Perhaps some of you would like to have this hour develop into a lesson of advertising-writing, display, etc. Let me give you a few pointers.

In writing advertising remember these few cardinal points:

1. Be truthful first, last and always.
2. Make a straight statement of what you're selling.
3. Then quote the price.
4. Any details you believe interesting.
5. Then where the goods can be secured.
6. And in small space concentrate on one or two items only.

With these points in front of you and a common school education any one can write advertising. It is when you forget these things and try to use high-brow language—want to use fancy borders in every ad., freak type and ornaments—that you'll fall down. To my mind many advertisements are written like some people talk—overdone so much that instinctively you have no faith in them or in their words, and turn with relief to the man who makes a plain statement clearly and distinctly, and whom somehow you trust.

Study your paper. See what your printer has to work with. Cut out a line of type here and a heading there and stick it alongside your copy; then tell the printer to set it up as closely as possible in that style; and he'll do the rest.

But enough of the advertising lesson except to say that a liberal advertising and sales education can be acquired by taking three magazines—*Printers' Ink*, *Advertising and Selling*, and *System*. The whole lot would cost you $10 a year.

We'll say you have now started your publicity; but that is just the commencement of what you must do to complete a sale.

When your prospects have their attention caught and interest aroused through your printed advertisement you have only started the business coming your way.

What about your windows? They should be trimmed in keeping with the articles advertised and have good display cards in them. Your clerk or clerks must know just what you plan to do and be "solid" on the idea for a true success.

In addition to printed signs you can get a half a dozen good proofs of your ad. from the printer. Paste each one in the centre of a sheet of cardboard, and have one displayed in the window, another propped up on the counter or on a special bulletin board, and so on.

Speaking of salesmanship—perhaps some of you have read the stories in the *Saturday Evening Post* of "Scattergood Baines" and his original methods of selling. Here's one:

"A young man and his best girl drove up in a buggy and got down to do some shopping errand. Scattergood let his clerk wait on them—wandered out, looked over the horse and outfit, went into the store, picked out a good whip and put it in the rig. The young man came along, took the whip up, snapped it once or twice, looked over at Scattergood and said, "How did that get here?" Baines said, "Well, I calculated that smart outfit weren't complete without a good looking whip to finish it off"; and the young man thought so too, because he bought it!

There's a sample of the power of suggestion, and is a mighty good thing for any merchant to study who plans to advertise and who believes that finished sales are the only ones that count.

Apply it to the work of your own clerk on fish day. Mrs. Jones says, "That white fish is certainly nice; let me have one about three pounds." Now comes the test. Does your young man say the usual thing, "Nothing else?" or does he say, "A nice way to do that fish, Mrs. Jones, is to bake it this way," and shows her the recipe in the Government Cook Book supplied free to fish dealers? It calls for a nice sauce and a stuffing of onions, bread, sage, etc., and he's got a chance of selling two or three more items at once.

You can do this all along the line and thus the people who have come to your store attracted by your advertising, interested by your display, convinced by the goods, become contented customers and advertisers for you all over again by word of mouth to their neighbors.

This is the function of advertising, and whether in country or city, advertising alone without the backing up of service clear through to the finished sale will not be successful.

The printed word will create a desire in the mind of your prospect for the goods and a readiness to accept what you offer, particularly if your offer is of some nationally advertised line.

Speaking of nationally advertised goods—and by that I mean such lines as Cowan's Cocoa, Colgate Soaps, Catelli's Macaroni, Atlantic and Redpath Sugars, Crown Brand Corn Syrup, Windsor Salt, and such articles as are advertised from coast to coast—it is a mighty good thing to watch these campaigns when they're running in the big papers coming into your territory or running in your local paper, and try and connect up by giving them a mention in your own advertising. It shows that you handle the leaders.

In fact, the most successful local advertising being done to-day in country newspapers is that which links up with these campaigns.

To analyse this talk now as a reminder—

Advertising to be of greatest success, whether in country or cities, first must have a groundwork of careful study of your field, your customers, your stock and your store.

Then a drafting of a schedule of months or weeks so as to get advertising copy and selling plans arranged well ahead.

Then the concentration on one or two items when using small space in the newspapers, writing plain English in your copy, telling the truth always, linking up your advertising with window and store trims, and delivering the goods as advertised.

In all ways build up your local community interest. Give your local printer ever cent's worth of business you can to help him be a better printer and get more and better type and machinery, which in turn benefits you.

A store anywhere, any time, that does these things will not be found saying "Advertising does not pay," but will say "We couldn't get along without our advertising, because it enables us to do more business with quicker turnover at a lower cost than any other method."

NATIONAL ADVERTISING—ITS VALUE TO DEALER AND CUSTOMER

BY F. PRATT KUHN

This is the age of advertising. The problem of production and distribution—elimination of waste—reduction of overhead by producing to limits of capacity—the securing of new markets and many other features of modern business are most commonly cared for by a national advertising campaign to back up and simplify the work of the sales force.

The natural query, if you are a local merchant, is what does national advertising mean, and how does it interest me—what good does it do me in dollars and cents?

Let me tell you in a few words the way our firm handles a national campaign—just so you will fully understand the far-reaching effect of well-planned advertising.

First we diagnose the business of the manufacturer, who calls on us for assistance.

We study his business intensively—among other things we find out how his present system of distribution is laid out—the territory he covers—the actual possible market for his goods, and what he is getting out of it, etc.

Then we apply our specialized knowledge of advertising and selling in Canadian markets—and McKim's is an organization of 150 people—to study out plans and supply estimates showing what it would cost for such and such results.

Sometimes analysis and study goes on over a period of years before the market is right to be advertised to. For instance, a manufacturer whom I have in mind now, worked with us for two and a half years, before he was ready, before the psychological moment arrived, the proper moment for him to go into the market with a strong campaign. The imports from France and Italy in competitive lines were suddenly shut off. From our study of the market we had already worked up a campaign, knowing sometime it would be needed. That campaign was put on, and today you have the nationally advertised macaroni "Catelli." It is only a short time ago that most macaroni was made under wretched sanitary conditions. "Catelli" is made under pure food factory conditions. Male and female operators are dressed in white, hair tucked up in white caps, nothing can contaminate the food. The same people that could run such a factory could not fail to understand advertising properly.

And it is an axiom in our profession that a firm which could not succeed without advertising (that is, whose product is not thoroughly meritorious) cannot be advertised into a lasting success.

Consider then that a manufacturer has decided to take up Manitoba as one part of his programme for this year.

No advertising campaign to cover Manitoba could be carried on without the aid of the farm papers published in Winnipeg.

Those of you who were present yesterday when I spoke on "Advertising in a Country Newspaper to Get the Best Results" will remember that the town of Russell, Manitoba, with a population of 800, and a weekly paper issuing 750 copies, was taken as an example—not for any particular reason other than that it was representative of the great class of weekly newspaper towns in the Province of Manitoba where over 60 out of the total of 75 newspapers published in towns under 5000 population are found in communities of 1000 and less.

By studying that part of the farm paper circulation reaching Russell and the surrounding territory, we find that the five leading mediums most likely to be used have a combined circulation of over 700—which directly and favorably influences the business of the storekeepers of Russell who handle advertised lines.

Even if the article is not advertised in the local press, there are 700 copies of the farm magazines being read in the territory surrounding, and that is affecting your store, is putting business in your way, and if you do not take advantage of it by trimming your windows and following it up in your local advertising, as I suggested yesterday, you won't get the profits you ought to get from it, and that the manufacturer wants you to get.

This is the all-important reason why I said yesterday that local advertising should always tie up with the national campaigns when they are running—simply and solely because it pays the merchant in dollars and cents to do so.

"Goods well advertised are half sold" is an old saying—how true it is is instanced by a recent investigation conducted in Manitoba on safety razors. Absolutely bona fide instances were given by dealers, who stated that a razor at $1.00, looking like a Gillette, had been in their stores to be sold on commission. One merchant had twenty-five, and sold three in a year—while selling dozens of Gillette outfits at $5.00 and $7.00. Advertising had produced confidence in the buyer's mind. The Gillette was no orphan. It had good strong parents, who would guarantee their child to do what was right.

We could multiply this instance many times among the 300 other lines we advertise.

Nationally advertised goods are conveniently packaged—turn over quickly—making for bigger profits on that account.

National advertising sold apples for the Canadian Government—it sold the Victory Bond idea, and it is persuading the farmers to raise more hogs. Canada is becoming a fish-eating country through a campaign of education the Government is pursuing.

Elaborating on that, you might say national advertising is today used for almost every conceivable purpose. The national service idea is national advertising; the campaigns carried out on life insurance advertising is selling prospects who could never be attained by solicitors. The direct replies they get from some of the biggest men in the country would be amazing to those who have never studied national advertising and what it can do.

Why It Interests the Consumer

National advertising, as conducted through newspapers and magazines, and accessory media such as bill boards and street cars, has educated the consumer to a better idea of living—it has tended to elevate standards all the way through—it replaces oil lamps with electric light plants—slow horse

power with gasoline engines and tractors—uncomfortable straw mattresses with Ostermoors—urges the use of clean, sanitary packaged goods instead of the bulk kind that "kitty cat" used to sleep on in the open barrel at night.

Advertising is said by some to increase the cost of living. The real test of this is: Are the people not more prosperous now—better read—better clothed—better fed—than when advertising was unknown? Do we not have more pleasures—more money in the banks—better homes?

To quote a recent article by John Mott Wooley: "Would we go back to the days of salt pork—when we heated our homes with open fireplaces, had no running water, and used tallow candles? Would we do without the telephone—the automobile—the tractor, and would we be better off without these things?"

Advertising has not raised the cost to the consumer except in isolated cases of poorly conceived and mismanaged campaigns. A recent investigation of over 140 nationally advertised products showed only very small price advances, and those absolutely necessary to stay in business in the face of war problems. The manufacturers could not get away from them. You will remember recently the Food Controller conducted an investigation into package goods, wanted to clean all the package goods off the market, and was going to put cereals, etc., in packages of twenty pounds or over. It did not go through; it would have put our living standards back fifty years to have done that. You will also remember that only recently the Food Controller found on examination that some Canadian manufacturers were selling under actual cost, so as not to disturb the good will of the customers. That is not right, of course. We do not want to have anything for nothing, but it goes to show you that one thing a manufacturer will fight against to the last ditch is the increase of the selling price, which might lose him the good will of the public. His good will with the public is his main insurance of continued business. Goods not advertised have no such stake. They can be cut in quality or package weight, the manufacturer being unknown has no qualms about taking such action, because he lives for the present only.

National advertising has standardized business by making it independent of restricted markets. It has kept the price of numberless products from soaring.

I would like to give you a story of well known successes—of what they started from, and what they grew to within a few years. These successes have been accomplished through advertising, and could not have been accomplished without it.

You all know Coca Cola—S. C. Dobbs, the magnetic personality behind Coca Cola worked in an Atlanta drug store. He is the man at the back of the whole thing, and he has spent ten millions up to the present on promotion and advertising.

Who does not know the Campbell Kids—the Gold Dust Twins—the Little Fairy—the Dutch Cleanser witch—Cowan's Cocoa figure "Miss Maiden Canada"—Pear's Soap and Ivory Soap. The names come to you mechanically, and you know exactly what they stand for.

Eastman in 1878 was a bank clerk and had a hobby for photography, and out of his dissatisfaction with the wet plate came the invention of the Kodak, and his company now invests at least $1,000,000 a year in advertising.

Wrigley, Jr. was a travelling salesman. $2,000,000 a year is what he spends now advertising chewing gum.

Eldridge Johnston was a machinist at Camdden, N.Y. His invention is now the Victor Phonograph, and the advertising runs over $2,000,000 a year, and that saves money on the cost of the original article; that is, if the article were not advertised to that extent the Victrola would cost you considerably more.

Fords could not be turned out the way they are unless they were done on a standardised plan, manufacturing, selling and advertising. Part of the Ford contract is that every dealer must do advertising under certain plans dictated by them, so as to get a uniform result.

It is very interesting to know how rubber heels came on the market. Humphrey O'Sullivan was a printer in Massachusetts. His feet got tired, so he used to stand on a rubber mat. His fellow workmen used to steal the rubber mat, so he cut pieces off and nailed them on his heels. Now the firm spends hundreds of thousands a year advertising O'Sullivan Rubber Heels.

The California Fruit Exchange grew from $7,000 in 1907 to $400,000 in 1917, and advertised "Sunkist" brands, so that you all know the name and what it means.

"O.K. Apples," Vancouver, B.C., conducted a campaign last year, and their complete crop was sold out before the season was half through.

In connection with these things I would just like to show the way the modern system works out. Take the manufacturer—here the ordinary distribution is from manufacturer to jobber, jobber to retailer, retailer to consumer. The manufacturer takes up national advertising because he cannot depend that everything he says to the jobber is going to get through to the retailer and to the consumer; therefore he takes the overhead road and goes direct to the consumer by using newspapers, magazines, bill boards and street cars, and other advertising such as direct mailing pieces. Then he works on the jobber, his travellers calling on them all the time, but from the manufacturer to the retailer you will usually find him working through trade papers. If he has no good trade papers in his line, then through direct mailing, and again through the newspapers, magazines, bill boards and street cars. Now the campaign is carried to the consumer. As a retailer you may be surprised sometimes to know of the advertising first by sales coming from this advertising to consumers rather than from the manufacturer writing you. Many manufacturers figure out that the demand must come from the consumer back to the retailer for goods before he will get at all anxious to sell. As a matter of fact in the drug store line druggists will tell you when you go round to sell your lines, "If you will create a demand we will sell your goods," and he'll only order one twelfth dozen before he feels the demand for the goods. Create a demand from the retailer and he orders from his jobber, and the jobber orders from the manufacturer. It depends upon the lines going to be advertised, and the districts that are going to be advertised in. There are no two plans of national advertising alike, made up in the same way, absolutely none. Everything must be considered in relation to the season they start in, to competition there is, to the prices the goods are sold at in competition. For instance, this war has upset all calculations of pre-war years, and must be considered on the basis of the time.

I think from what I have told you you will realise how important national advertising is to every retailer—no matter where he is situated. Any commentary you like to make on national advertising in relation to your local advertising, we will be very pleased to answer. We are here to give you everything that we have, and perhaps the question box will bring out something that you want to know.

I thank you.

COMMERCIAL LAW

BY W. H. TRUEMAN, K. C.

I was curious in my own mind when I was asked by Mr. Curle to participate in this course whether I could possibly connect the subject of commercial law with the matters in which you are interested, and which, as I understand it, relate generally to the subject of business efficiency. I was also troubled by the further question as to whether in the presentation of this subject I could submit it in terms that would be simple and plain enough to interest you.

When I thought of that, it warned me of the inadvisability of committing anything that I had to say to you to writing, as I feared, if I put it in the form of a formal lecture or address, there might be the danger that it might be too technical on the side of legal detail and refinement, and therefore my remarks might fall short of the object that we have in view.

There is a story told of a colored clergyman, who, in the course of a sermon, made use of the word "phenomenon," and that was a word that had to be explained by him at the close of the service to the congregation. He said, "I can tell you the meaning of that word, but I believe that I can make it plainer if I use the following illustration: If you saw a cow on the roadside, that would not be a phenomenon, and if you saw a bird singing in a tree on the roadside, that would not be a phenomenon either, and again, if you saw a thistle by the roadside, that once more would not be a phenomenon; but if you saw the cow sitting on the thistle and singing like a bird, that really would be a phenomenon."

I am going to develop the position before you, ladies and gentlemen, that a man cannot be soundly equipped in business training and efficiency unless he has some familiarity with certain well known legal rules and principles, that enter into every day business. These principles are of such common use that unless a business man is acquainted with them, it seems to me that he is seriously handicapped for the transaction of business affairs.

For the purpose of making my idea clear, it will be desirable that I make use of a number of examples, illustrating the application of commercial law in daily use, and needful to be known by an efficient business man as a part of his business training and education.

There are two important sections of an old statute that was passed in the reign of Charles II, which is in force in England and in all the Canadian Provinces and in many of the American States, known as the Statute of Frauds. It was passed for the purpose of preventing the commission of perjuries, and the sections in question in substance provided that if you wished to enforce certain kinds of contract it was necessary that you should bring into court written evidence of the contract signed by the defendant. One of these sections that I will speak of is Section 4. It has a number of provisions, but I will refer merely to one or two of them.

If you seek to enforce a promise by a person to answer for the debt default or miscarriage of another, it is necessary that you have a memorandum of the promise in writing, signed by the person who made the promise. You can see the importance of that provision. I go into your store with Mr. Curle. I ask for goods on credit or for a line of credit. You say, "Mr. Trueman, you have failed in business, you are not entitled to credit, but if Mr. Curle, who is with you, is willing to become responsible, then you can have all the goods you wish." Mr. Curle says, "I am satisfied with Mr. Trueman's financial responsibility. If he does not pay you for the goods that he is now contracting for, I will be responsible," and you say, "That is satisfactory." I thereupon get a line of credit, and large quantities of goods are delivered to me. Subsequently you, the tradesman, call upon me to make payment, and I am unable to do so. You then turn to Mr. Curle, and Mr. Curle begins to question whether he is bound by his promise, and he consults his lawyer. His lawyer says, "At the time you made that promise to the tradesman, did you put it in writing and sign it? There is an old English statute, which provides that "No promise to answer for the debt of another shall be enforceable unless there is a note or memorandum in writing of it, signed by the person making the promise." Mr. Curle tells him there was no writing. The lawyer is able to tell Mr. Curle that he is not liable. Surely so important a piece of law as that should be known by business men.

Then in the same section there is another provision that no action can be brought to enforce a contract that is not to be performed within a year unless there is some note or memorandum in writing of it, signed by the person who is sought to be made liable.

You wish to employ a clerk. He is willing to come, provided that you give him a year's contract. That is satisfactory to you, and the year is to commence say from next Monday. In the course of a month or three months you find that his services are not satisfactory to you, but you have not enough ground for his dismissal, and you raise the question as to whether you are bound by your promise to give him a year's employment. If you are, then you are not entitled to dismiss him, except for cause. You look into this old statute. It provides, as I have just mentioned, that an agreement or a contract that is not to be performed within a year shall not be binding unless there is some note or memorandum of it signed by you, the person whom the clerk will seek to make liable if he is dismissed. As there is no such writing you dismiss the clerk, and he is helpless to claim damages because he is not retained in your service for the remaining nine or ten months. Now, doesn't it occur to you that that is elementary business knowledge that a competent business man should be acquainted with?

Then you frequently have a transaction, known as the payment of a lesser sum in settlement of a larger. I am indebted, we will say, to Mr. Curle in $1000. The amount is due, and he is entitled to payment. He says, "Mr. Trueman, I am very much in need of money today; if you will give me $900 I will accept that in full satisfaction of the full thousand dollars that you owe to me." I look upon that as a good bargain, and I give him the $900, thinking that I have got rid of all my liability. A few days later, Mr. Curle, conceding for the moment that he is the sort of person that by a wild flight of the imagination would do what I now suggest, says, "Mr. Trueman,

I want that remaining hundred dollars that you owe me." I say, "Mr. Curle, surely when I gave you the $900 it was understood between us that it was in full cancellation of the debt." "Yes," he admits, "I remember that; I do not deny it; nevertheless, why should I release you of that hundred dollars? What is it you have done by paying me $900 that you ought not to have done? You were under duty to pay me, and you are also under duty to pay me the rest of the debt." In law he is entitled to insist on its payment, and I have to pay it. Now there is nothing abstruse or obscure about this, since there is the ordinary principle of law that the payment of a smaller sum is not satisfaction of a larger. But supposing Mr. Curle had said, "Give me $900," and I had said, "Yes, I will give you the $900, but, Mr. Curle, that does not discharge the debt, and in order that there shall be a discharge of the debt I am going to give you not only the $900, but this jackknife out of my pocket," and he takes that, then that will amount to a cancellation of the other $100, because Mr. Curle has got something different from money, when he got the knife. The knife is worth only a trifle, but nevertheless he has got something for giving up the $100. If, instead of $900 in cash I had given Mr. Curle a cheque for $900, then that would discharge the full liability. The only other way in which the liability could be determined outside of these and a few other methods that I have been putting to you, is to take a writing from Mr. Curle acknowledging that he received the $900 in full discharge of the debt. That would cancel the balance. This is provided for in a section of the Manitoba Bench Act, borrowed from Ontario legislation.

You can see what I am seeking to do is not to take you to the quicksands and remote places of law, but to make you aware that there are rudiments of law that every business man should know of.

I will give another illustration. A case came before the English courts away back in 1789 known as Paisley v. Freeman. A man by the name of Felch was desirous of getting goods on credit from Paisley, who was not satisfied with Felch's financial standing, and he asked for a reference. Felch said, "Yes, I can refer you to Mr. Freeman; Freeman knows all about my affairs." Paisley went to Freeman and asked him as to Felch's affairs. Freeman replied, "Yes, I know Felch well, he is entirely trustworthy; you can let him have any goods that he wants." That statement was known by Freeman to be false. On the strength of it Paisley sold Felch large quantities of goods on credit. Felch failed to make payment for them, and the question arose whether Paisley had a claim for damages as against Freeman. Now, supposing this question were put to you, how would you argue, and how would you answer it? I am going to invite questions from you, and I am going to ask you to apply your commonsense to this very situation that I am putting before you. Supposing that question arose in your own affairs, and you were asked as to whether Paisley the merchant had a claim against Freeman? There is an every-day business question, and you have got to solve it by commonsense and principles of logic. Supposing you had to cope with it, how would you handle it?

Question—I think the party receiving the information and acting upon as you said, distinctly shows four important words connected with a transaction, and they are these, "Taking things for granted."

Mr. Trueman—No, that does not answer it; that is saying to Paisley, "Paisley, you are too confiding; you should have made other investigations," but Paisley says, "I regarded Freeman as an entirely trustworthy person. I was entitled to go to him and ask for this information. He volunteered it, and I acted upon it. Now I make my claim for damages."

Question—I do not think he would be able to claim damages unless he got some papers; he might morally, but not in the law.

Mr. Trueman—Unless he got it on paper? Leave that out for a moment; I will come to that in a moment; the question is, "Why should Paisley have a claim, as against Freeman?"

Question—I suggest that this man became an aider and abettor to this man, obtaining goods under false pretences.

Mr. Trueman—No, that would not meet the situation.

Question—I think he would have a claim against Freeman, in case Freeman participated in the fraud, otherwise not.

Mr. Trueman—Now, is that sound? You are dealing with this just exactly as a lawyer might, supposing this case had never been decided. You are commencing to argue it in your own mind to find some principle of liability. I have said in my statement Freeman knew the statement was false; he knew when he made that statement that it was false, and that he was misleading the other man.

Question—He helped the other man to get the goods by misrepresentation or fraud.

Mr. Trueman—What is there as an argument against that; what could be said on behalf of Freeman?

Question—Would you prove he was telling a lie?

Mr. Trueman—That is admitted; he knew it was a false statement, but what can be said on behalf of Freeman?

Question—He didn't put anything in writing.

Mr. Trueman—No, I will come to that in a moment; that does not dispose of it.

Question—Did Freeman accept any responsibility.

Mr. Trueman—That is getting nearer to it. Isn't that the argument Freeman makes. Freeman says to you, "You came to me and you asked me that, and I gave you a statement; what duty was I under to you to make a statement one way or the other? I made a statement; I admit it was a false statement, but there is nothing in this for me; why should you hold me to it?"

Question—He was morally accountable, but not personally responsible.

Mr. Trueman—In matters of law, you want to avoid the question of morals (laughter). Law is really said by its apologists to have a higher basis than morality. That was the argument made by Freeman, but the court brushed it aside, and said this, which seems commonsense. The court said: "You made a statement, knowing it to be false; you knew he was going to act upon it, and he acted upon it to his loss, and we hold that you are liable."

A little later the Imperial Parliament passed an Act known as Lord Tenterden's Act. It was enacted in the reign of George IV. It provides that if a statement is made as to the credit of another person, then that

statement must be in writing, and must be signed by the person making it. The courts have held he is nevertheless not liable, although he does make that statement, unless he knew it was a false statement, and intended the other person to whom he gave it to act upon it.

Mr. Curle—Wouldn't it be very difficult in some cases to prove that the man did know that the statement he was making was false?

Mr. Trueman—That is purely a question of fact; you have to show under the evidence that he knew it was false, and you can establish that anyway you can.

Well, then, we come to something else, and you can see, gentlemen, we are passing over a number of subjects rather hurriedly. We come to section 17 of the Statute of Frauds, now section 6 of the Sales of Goods Act. This Act is to be found in all the Provinces, and is the same as the English Sales of Goods Act, passed in 1893. The section it provides in substance, that no contract for the sale of goods of the value of $50 or upwards shall be enforceable unless the purchaser gives something in earnest to bind the bargain, or in part payment, or shall receive and actually accept part of the goods so sold, or unless there is a note or a memorandum in writing of the contract, signed by the party against whom action is brought, or by his authorised agent.

If at the time the sale is made, the purchaser gives something given in earnest to bind a bargain—that rarely happens—or if he makes part payment of the purchase price, or accepts and receives part of the goods, then there is no difficulty. But supposing none of the conditions is satisfied, and you simply have the bare transaction that you have bought from a merchant goods of $50 in value, or in excess of that, and the merchant has no memorandum in writing signed by you, and you have no memorandum in writing of the contract signed by him, then we have a contract that cannot be enforced. You have gone to Mr. Curle's warehouse; he has a quantity of flour, bacon, or what not, and he has contracted to sell these to you at certain prices. Mr. Curle makes an entry of the sale in his books; he has sold to you so many barrels of flour, so many barrels of sugar, so many hogsheads of molasses. He is pleased that he has done the business, and has calculated the profit he has made. The goods are to be paid for on delivery over of the bill of lading. He ships the goods; they are in transit when he gets a telegram from you, instructing him that you will not take goods. Now, has Mr. Curle any redress? He consults his lawyer, though he should be able to deal with the matter himself as an intelligent business man. He finds that he made a mistake in not getting a memorandum in writing of the contract, signed by the purchaser. He could have made a list of the goods in his order book, setting out the prices, and had the purchaser sign it, when he would have been able to have enforced the contract. He has been put to a great deal of trouble and delay, and some expense. Nevertheless he has a contract he is not able to enforce as against the purchaser, because of section 6 of the Sales of Goods Act.

Question—Would a witness to that sale make any difference?

Mr. Trueman—That would not make a particle of difference. It might seem unreasonable for Mr. Curle to say to the purchaser, "I want you to sign a memorandum of this contract." The purchaser might say, "Why do you

want that? Is that an indication of want of faith in me? I do not like your methods of doing business, Mr. Curle. This is the first time that has ever been asked of me." It might be because of delicacy of feeling, or fear of giving offence, Mr. Curle would desist from asking for the writing, with the result that there is a contract that cannot be enforced. Well, that contract is not void; it is not what the law calls "void," it is merely unenforceable. If this purchaser sends a letter in from say, Brandon, to Mr. Curle in Winnipeg, as follows, or to some such effect: "Mr. Curle, we had an agreement yesterday by which I was buying the following goods from you, and at these prices, and I was to pay you cash for them, or I was to pay against the bill of lading, but I find that all the above prices are altogether too high; for instance, I can buy my flour at such a figure; I can buy my starch at such a figure," and so on, and then he signed that. There you would have a memorandum in writing of the contract, even though the purchaser was quarrelling with the contract, or was seeking to repudiate it, because you then would have a memorandum, a statement of the terms of the agreement between Mr. Curle and the purchaser, and the statute would be complied with. You can get the memorandum at any time, provided you get it before you bring action upon it. This memorandum can be very brief. All that it need contain is the name of the purchaser, the name of the seller, the subject matter, for instance, the quantity, what it relates to, flour or whatever it may be, and the price, provided the price has been agreed upon. If the price has been agreed upon you have got to have it in the writing. You want to notice this—anything that has been agreed upon between you, you must be sure to have in the writing, because if it does not contain the full agreement arrived at between you, then it is not a memorandum of the contract. If the price, however, has not been agreed upon between you, then the law will imply a reasonable or the market price for the goods, and the writing will be sufficient.

Question—If Mr. Curle has a copy of the order, although not signed by the party ordering it?

Mr. Trueman—That would not avail a bit; it has got to be "signed by the party to be charged therewith," in accordance with the words of the section. Mr. Curle could enforce contract against the purchaser, provided the purchaser signed, though he (Mr. Curle) did not sign, but unless Mr. Curle signed, the purchaser in turn could not enforce the agreement as against him. The agreement is enforceable if it is signed by the person that you seek to make liable. The writing is enforceable as against Mr. Curle, if it has Mr. Curle's signature.

Question—Supposing I placed an order in a Montreal house to deliver in three months, I have a copy, but I did not sign it. At the end of a week or six weeks, I telegraph cancelling this order. What position am I in if I say in my telegram, "Kindly cancel the order placed with you on such a date"?

Mr. Trueman—Then I think you are bound because they have a writing signed by you that will be connected with the writing, that was not signed by you.

Question—How am I going to cancel an order without admitting it?

Mr. Trueman—You are not obliged to cancel it, because it is not binding upon you.

Question—Just refuse the shipment?

Mr. Trueman—Yes.

Question—In this particular case, if a man cancels the order, that would be acknowledging the order?

Mr. Trueman—That is what I said. By reason of that Mr. Curle had a memorandum which enabled him to enforce the contract as against the person seeking to cancel or repudiate the agreement.

Professor Osborne—I thought you referred in the first instance to the purchaser cancelling by wire?

Mr. Trueman—Yes.

Professor Osborne—What is the difference?

Mr. Trueman—That is the point I was making: supposing he simply cancels, says, "Please cancel order," there is nothing in those words to show or connect with the subject matter of the contract.

Professor Osborne—Supposing he said, "The order of yesterday"?

Mr. Trueman—Yes, the order of yesterday; there you have got something? That, of course, is going a little far afield; you are getting now into the territory of lawyers. You can make this memorandum out of one or more writings; you can have it consist of several letters, but the letters or writing in themselves must have what lawyers call "internal evidence," connecting one with the other. Here is the order on Mr. Curle's book with reference to certain goods and certain prices, and the name of the purchaser, and it has a date. Then supposing the man at Brandon sent down a telegram saying, "Please cancel the order of yesterday," then you might have enough to make the connection between the two documents, that is, you can read what Mr. Curle has on his book with this telegram.

Question—If I send you a telegram, you have not got my signature on a telegram?

Mr. Trueman—Yes, you have, because you then go to the office at which the telegram was sent and you have the original.

Question—Supposing I gave the telegram verbally.

Mr. Trueman—You are not obliged to cancel, but supposing you do cancel you want to avoid the use of words which would connect your telegram with what Mr. Curle has in his writing. Supposing you simply said, "Please cancel order," that was the illustration I gave that Professor Osborne refers to. That would not be a memorandum sufficient to satisfy the statute.

Question—Would this cover it, "Don't ship until you receive further instructions"?

Mr. Trueman—No, I do not think that would be a good enough memorandum, because there is nothing in that to refer to what Mr. Curle has on his books.

Question—That is simply holding up the order; they cannot ship it?

Mr. Trueman—There is a case of Bailey and Sweeting, where Sweeting had bought a quantity of chimneys, and there was no memorandum of the contract. The chimneys were shipped, and by reason of the carrier breaking them the purchaser declined to receive them. He was being asked to take these goods by the seller, and he wrote a letter saying, " I will not take the chimneys

which I purchased from you at £38:10:0, for the following reasons" (giving them). It was held that the letter made a sufficient memorandum to bind him. Chief Justice Earl said in effect: "Here is a memorandum which admits he bought chimneys at thirty-eight pounds ten shillings." Although the purchaser was seeking to repudiate the agreement, it was held there was a memorandum which proved the contract. You can have a memorandum, as I have said, made up of several writings, but the writings must refer in themselves to one another. There must be what the courts call "internal evidence," connecting the documents with one another. There is the old case of Boydell and Drummond, decided in the English Court of King's Bench in 1800. Boydell was selling Shakespeare's plays, with drawings, and he had a prospectus which set out the terms under which subscribers were purchasing. He had another book called Shakespeare subscribers, with their addresses. Drummond signed his name in this book as a subscriber. It was held there was not a sufficient memorandum because the words "Shakespeare subscribers, their addresses," was not sufficiently connected with the prospectus, which alone contained the terms under which the contract was being made.

Mr. Kelly—If the purchaser gives an order for a certain bill of goods, that order is sent in and he agrees on that order not to cancel it, but he turns round and wires cancellation before the goods are shipped, can you hold him?

Mr. Trueman—That is dealing with another question, under the law of contract. He, in that letter, has made an offer. For instance, I write to you, Mr. Kelly, that I want a Heintzman piano shipped on a certain date, price not to exceed $500. That is my offer. You, on your part, accept the offer by letter. It becomes a closed transaction between us, as a contract has been made by the offer and acceptance. I cannot thereafter withdraw the offer, because the offer has been turned in to a contract the moment you accepted it.

Question—How would you treat a case where a traveller took an order from you and you found there were more goods shipped than you gave an order for?

Mr. Trueman—If he has sent you more goods than you ordered, you can reject the whole of them; you are free to do that if you want to.

Question—If you send a telegram it can be got; you can go back to the office and get the original, but supposing it was made on a typewriter and not signed, that is signed on the typewriter and not by hand?

Mr. Trueman—That is sufficient; a signature can be printed just as well as written.

Question—Supposing that it is in the evening and I haven't time to go down and write that telegram, I go to the telephone and call the telegraph company, and they take the telegram over the 'phone?

Mr. Trueman—You then have appointed the telegraph company as your agent to sign your name to it. The section of the statute reads, "Signed by the person to be charged therewith, or by his agent thereunto lawfully authorised," and you authorise the telegraph company to sign your name.

Question—Supposing I give an order for goods, sign the order and the goods are shipped, but in the meantime I do not want to receive them; what grounds might I have in refusing shipment?

Mr. Trueman—You are the purchaser?

Question—I am the purchaser.

Mr. Trueman—And you have signed an order and the goods have arrived?

Question—The goods have arrived, yes. Supposing even I have wired for them to hold shipment, and the goods come along, have I any grounds for refusing shipment?

Mr. Trueman—Supposing you bought the goods by description, and they did not agree with the description, then you could reject them, but if you are getting the very goods you ordered, you have got to take them, and if you do not take them the seller can sue you for the price of them.

Question—I would have no grounds whatever for leaving them at the station?

Mr. Trueman—You have a contract; you have got to take the goods, the only way you can reject the goods would be if you had some warranty that went to the very root of the matter, entitling you to refuse the goods. For instance, there is the case of Bannerman v. White. It arose in connection with a sale of hops. The man who became the purchaser of the hops said to the seller, "Have your hops been treated with sulphur?" The seller replied, "No, they have not." "Well," said the purchaser, "if you say they have not been treated with sulphur I will buy them. The sale was then made. When the hops arrived the purchaser discovered that sulphur had been used. It was held the purchaser was entitled to reject the goods, even though the written contract said nothing about the matter of the sulphur not being used, because the statement that sulphur had not been used" was the very essence and condition precedent of the agreement. The purchaser was entitled to say, "The very condition upon which I bought these goods has been broken, and I am entitled to reject them." He was entitled to rescind the agreement, and he was not obliged to keep the hops and sue for damages.

There was an effort made by Sir Frederick Pollock and Sir Fitzjames Stevens about the year 1880, to have the provision in the Statute of Frauds, namely that "A contract for the sale of goods for $50 and upwards should not be enforceable unless there is some note or memorandum" repealed, because it is opposed to mercantile habit and usage. It is considered that it has become so embodied and fixed in the law that it should not be discarded, and it now has its place in section 6 of our Sale of Goods Act.

Question—Instead of signing this memorandum, supposing I would give you a cheque for it at four o'clock in the afternoon, and changing my mind, next morning I would stop payment of that cheque?

Mr. Trueman—That would have no effect because there has been something given in payment or in part payment, and you then do not require a writing.

Question—Supposing a commercial man comes to my store and takes an order for a bill of goods, and he gives me a written order with a memorandum of the goods which I have purchased, and he signs it, and he asks me to sign it, and I sign it. Supposing he does not ship the goods. Have I an action against him?

Mr. Trueman—Yes, you have, because it has been signed by him, and there is enough there to show what the contract is.

Question—He is the agent of the wholesale?

Mr. Trueman—He signed the name of the principal, the person he represents; it either appears there at the bottom or on the slip somewhere. The courts are not particular as to examining just how this agreement is drawn up so long as they can see it does contain the terms which the parties agree upon.

Question—A man comes in and buys goods, and gives me a cheque for $15; he gets his goods and the cheque comes back N.S.F.; he knows the money is not there, what action can I take?

Mr. Trueman—You can prosecute him criminally; there is a section in the code that covers that very case.

Question—He may have $5 in the bank?

Mr. Trueman—He is getting goods by false pretences; that is covered by a section in the Criminal Code.

Question—Supposing he has an account in the bank and it is overdrawn, and the cheque comes back N.S.F.?

Mr. Trueman—If he knew there was no money there to cover the cheque, it is just the same case; it is simply a question of fact. He could not escape from that by saying, "I did have an account there." Of course, it would be necessary for you to show the criminal intent.

Question—If he continues to buy goods from you, and pays the cash, and you still have that cheque?

Mr. Trueman—You have your remedy against him by criminal law and civil action for debt.

Question—Supposing there was a N.S.F. cheque and he told you there would be money in three or four days?

Mr. Trueman—There is no criminal liability there; you are dealing with open eyes.

Question—Is a signed agreement to pay interest on an open account necessary?

Mr. Trueman—This is the rule as to interest, a subject worth our while to have gone into, because it is important to business men. The ordinary rule is that a debt does not bear interest, an I.O.U. does not bear interest, an ordinary loan of money does not bear interest, accounts stated do not bear interest—you know what an account stated is? I am your debtor, you are the tradesmen, and we have been running a multitude of accounts extending over months or years, and there has been some disagreement between us as to how the account stands. Finally we go back and go through the accounts, and we find there is a sum owing to you of $50 or $60, or whatever it may be. When we have agreed upon that, we thereby state an account; there is what is called in law, an account stated between us, the whole thing has been summed up and disposed of in that way. It is an admission by me of what I owe. Even that does not bear interest. The law of interest is governed by a statute passed in the reign of William IV, which says if you have an agreement in writing, under which a sum certain is payable at a fixed or prescribed time, then a jury may—and so may a court—award damages by way of interest, if the money is not paid at the prescribed date. The statute also contains this, and this deals with the matter you have raised. If there is a demand in writing, setting forth that interest will be charged unless the debt or account is paid, then interest can be charged. The mere

putting at the head of a statement of account that interest will be charged at the end of thirty days at 6 per cent is not a demand within the meaning of the statute. There has got to be something that notifies the person formally. "I demand payment of this debt, and I notify you if the debt is not paid it shall bear interest. I will claim interest at the expiration of a certain date."

Question—In that particular case, if you have an understanding at the bottom of your monthly statement, or the account you are sending out, that interest will be charged, and the amount does not come through, and does not come through for some time, you can charge him interest on that, could you?

Mr. Trueman—I think I would put it a little more definitely than that. I would say this amount is payable within thirty days, and you are hereby notified that if the account is not paid at the end of thirty days that then I will demand interest from you thereafter at a certain rate.

Question—Wouldn't that have to be sent in a registered letter?

Mr. Trueman—No, the matter of sending by a registered letter simply makes the evidence easier for you to adduce, if it becomes a question of fact as to whether or not the letter was received. The fact that a letter was mailed is in itself *prima facie* evidence that he received the letter.

Question—In the case of a letter or order or any other kind of document with conditions on the back of it, are the conditions on the back of that letter any value?

Mr. Trueman—No, they are not, unless you can show he is aware of those conditions. There should be something on the face of the document calling attention to the conditions on the back.

Question—In stating interest would you state 8 per cent, or 8 per cent per annum? I am just using the figure eight.

Mr. Trueman—The legal rate is 5 per cent; it would not be necessary to say per annum.

Question—Supposing a traveller comes in and signs an order, and the order is not at the proper price, and he is sending it into the house and taking a chance on it, who names a price?

Mr. Trueman—Is there anything said between them that this is conditional on the house receiving the order?

Question—If that is not marked on the order that it is conditional, the house would be bound to accept it?

Mr. Trueman—No, it would not, because then you could say that the memorandum does not contain all the terms of the agreement, and the effect of that would then be to nullify the agreement. As I said before, your memorandum must contain all the terms of the agreement, and part of the agreement was that condition.

Question—If I was expecting an order to be shipped on the 1st April, and it was shipped on the 15th March, can I refuse it?

Mr. Trueman—Yes, you can refuse it, because they did not live up to the terms of the contract. Of course, they may state you need not take delivery until the 1st April; it can remain in the warehouse and they will make delivery on the 1st April.

Question—If they leave them there, I would have to take them?

Mr. Trueman—Yes.

Question—If the order said "on or about" would that leave it open; supposing they were just a few days earlier in that case?

Mr. Trueman—There would be no difficulty there; you would be unreasonable to take that position.

Question—I had an order just a few days ago. I had stuff in and they shipped too early, and I could not get it in.

Mr. Trueman—It is solely a question of what the terms of your contract are; those terms have got to be absolutely adhered to; if not that entitles you to reject the goods. There is a case, I remember, that came before the Supreme Court of Washington, the case of Ellison against Henshaw, where the goods were ordered to be sent by rail. Instead of being sent by rail they were sent by water. It did not make any difference to the purchaser, but it was held he was entitled to reject the goods because the terms of the contract that they were to be shipped by rail had not been adhered to.

Question—He could not come on to them for a difference in the freight rate?

Mr. Trueman—It seems to me it could work itself out. You could say, "If you want me to take these goods, you have got to pay the difference in the freight rate, otherwise I reject them."

Question—The matter of interest on top of a bill-head. One bill-head, a builder's supply firm I know, contains, "The purchaser agrees on the receipt of these goods to pay after due date, 8 per cent." Supposing that were delivered to a building, and the contractor's man signs the delivery bill, is that contractor liable to pay the interest?

Mr. Trueman—I would doubt that because the receiver of the goods was not appointed as an agent to do more than receive the goods, he was not appointed as an agent to enter into some other contract such as that as purchaser he would pay interest. That would seem to be commonsense, wouldn't it?

Question—I should think the man would be an agent just as much as the C.P.R. would be an agent with regard to the telegram?

Mr. Trueman—The question of agency is always one of the terms of the employment, and an agent can only bind a principal provided the agency comes within the scope of his employment. I think that principle would adjust that.

Question—With regard to N.S.F. cheques, what steps would a man take if a cheque is turned down. Any lawyer I have spoken to has said all that can be done is to get judgment.

Mr. Trueman—That is right; supposing there is a cheque and it is N.S.F., you can sue on the cheque, or you can sue on the account for which the cheque was given. The Criminal Code provides also that if the goods are got on the strength of a cheque, and at the time the cheque is given there are no funds, then it is obtaining goods under false pretences, and the party may be prosecuted criminally.

Question—If he has a dollar in the bank?

Mr. Trueman—That would not do; that would be merely a subterfuge.

Question—I think that is the most common difficulty merchants have in the city today—they say, "Well, you can get judgment." I do not think they are wise to the fact they can be prosecuted criminally?

Mr. Trueman—You have that provision in the code. If a man gets goods and gives a cheque, and there are no funds there, it is a dishonest transaction, and you can proceed against him criminally.

Question—You have got to be able to prove that he knew he only had one dollar in the bank at that time?

Mr. Trueman—Well, you can get at that as best you can, but you would have to prove that.

Question—You would have to prove that?

Mr. Trueman—Of course, you could show the intent from the circumstances; criminal intent is always the result of what the facts themselves disclose. You cannot go into a man's mind and say, "You knew that you had nothing there but the dollar; you did have the intent." You cannot try what a man's intent is, but you get at the intent by looking at the surrounding circumstances, and the court tries as a conclusion of law based on the facts what the intent was.

Question—In the event of a man having the money there to cover a cheque when the goods were obtained, and he himself drawing the money before the cheque was presented, how would that apply, would that still be criminal?

Mr. Trueman—There might be some explanation there.

Question—If necessity caused it; his family might be sick or something of that kind, and he would go and draw the money before that cheque was cashed?

Mr. Trueman—That might let him out; you have got to refer to the state of the account at the time the goods were got.

Question—Supposing I buy goods delivered next July, next winter's goods; I get a signature with the order, and I get a copy from the house, "Owing to war conditions, right to cancel."

Mr. Trueman—They cannot do it; you had a contract and they cannot import new conditions into it, unless there was some arrangement in the contract to permit it. If you have an agreement by which he agrees to sell, then they have no right to bring in fresh conditions.

Question—This man, giving a cheque, N.S.F., it was considered a cash sale; it was not in payment of an account, he comes in and gets the goods and pays for them.

Mr. Trueman—He has got the goods; there is the consideration; you can sue on the goods and you can sue on the cheque.

RETAIL STORE ACCOUNTING

BY JOHN PARTON, C.A.

In the short period of time allocated for me to address you on the subject of Retailers' Accounts it will be impossible for me to do more than endeavor to give you an idea of the principles underlying proper practice in keeping accounting records and general explanations as to their working. I shall therefore confine my remarks within such bounds, and will endeavor to so interest you that your further investigation into detail will follow as a matter of course.

However small a commencement marks the inception of a retail business, matters and transactions which form proper accounting entries immediately arise. You must understand that a properly kept set of books is not just a record of your dealings with customers, but contains records of the whole business. Thus, you expend money on store fixtures, stock, rent, advertising, and various other ways. These expenditures all have their place in your ledger. As time goes on people will owe you money; you will owe other people money; you have dealings with your bank; you probably acquire property, possibly under agreement with term payments; and it is quite impossible to carry all this in your head. Thus we see the necessity for an adequate accounting system.

Among other things, unless the various ramifications of business which I have mentioned are placed in a concrete or proper form, it is utterly impossible for a man to obtain a true statement of his financial standing. I do not doubt but all of you at times have found the necessity of making up a statement of your assets and liabilities or a statement of your affairs. Now, if you had the experience I have had with merchants' accounts you will know that this question of making up a statement of affairs is not by any means so easy as it looks. It may seem easy to say you have got so much money in the bank and so much money owing to you and you owe so much money and the difference is what you are worth; but there are more considerations than that. As an example of what I mean, you might have a mortgage on your property, the interest on which is paid to the 1st of August. At the end of December you make a statement of your affairs. You cannot make a true statement unless you take into account the fact that interest has accrued from 1st of August to the 31st of December. Another point is Insurance. You pay your Insurance premiums in advance. We will suppose you pay these premiums on the 1st December and take off a statement at the end of December. You have paid premiums for policies which are going to run for another year or three years, according to the terms of your policy. If you do not take in as an asset the unexpired portion of those premiums then again your statement is wrong. To give you another example, an actual experience; I was asked to audit a retailer's statement, and found he had actually included $15,000 as an asset because he had his life insured for that amount. Of course if he had died it was undoubtedly good, but so long as he is living it is only worth the actual surrender value of the policy. I give you these instances to show not only the importance of proper records, but also the difficulties arising in making up proper statements.

I also want to show you nevertheless that double-entry bookkeeping is not the formidable thing many people seem to think. To keep your books properly, and keep them by double entry, and in such a manner that you will be able to make a statement of your affairs from time to time, should really be no more difficult to you than to keep them by the incomplete system known as single entry. In that connection some people say, "Oh, yes, I use the single entry system." Single entry has been defined as a system of accounting by which accounts are kept on a partial and incomplete basis. I have only one criticism to make of that definition—that is to the word "system." I say it is not a system at all, and if anyone wants to give a definition he should leave the word "system" out of it.

As a matter of fact, most people who keep accounts on what they think is the single entry system are partially using the double entry system. If you are using a cash book, and from that cash book post to the credit of your customers' accounts the amount they pay, you are actually operating double entry; you are giving effect to the two aspects of the transaction; and that is exactly what double entry is.

Double entry recognises the fact that no transaction takes place without affecting two things. If you sell a bill of goods, the two transactions are that your goods become less and your debtor's accounts have become greater, or if you sell for cash your goods become less and your cash becomes greater. Now, all there is about double entry is that it gives effect to that dual transaction, to the fact that no transaction can take place which has not its effect on either two assets or two liabilities or one asset and one liability as the case may be.

Another fallacious idea about double entry is that it is a sort of "new idea." It is surprising even at this present day to find tradesmen thinking that double entry is something new. The first book on double entry bookkeeping was written centuries ago. Double entry bookkeeping has been in force for at least 400 years, and why it has not become better known than it is among people is difficult to understand, because, after all, as I said before, single entry is not a system of bookkeeping at all; double entry is the only system.

Double entry also is the only system that enables you to obatin any kind of accuracy. It enables you to obtain an accurate idea of your financial position, but it does still more than that; it enables you to make comparisons year by year or month by month of expenses, sales and so on, and thus gives you a guide to the future. A further value which you may place on proper bookkeeping is that it is a check against dishonesty on the part of employees. Now, I am not going to suggest that the employees of any of you gentlemen are dishonest, but you all know that there is nothing like having a good watchdog. We do not always expect burglars around, but a good watchdog is a good thing to have. Among other things, it is the duty of men who have employees not only to look on the question that they should not be dishonest, but also to not give them a chance; to not place temptation in their way.

Again, another advantage is that you get a better check on your Accounts Receivable and Payable than you can by any other means. There is not the danger if you keep your own books properly of either overpaying one of your own accounts to a creditor or having one of your own debtors underpay his account to you.

Then there is the question of legal evidence in lawsuits. The man who keeps his accounts by using a sticker for putting on copies of his bills against his cus-

tomers and tearing them off as they pay is going to find that very poor evidence if he finds it necessary to sue a man for an unpaid bill; where a properly kept set of books is real evidence.

Also, there is the satisfaction you have if you require accommodation from your banker, and the much better rating you can get from mercantile agencies such as Dunns and Bradstreets if you can produce a Balance Sheet taken from a properly kept set of books; and one very real advantage is the general satisfaction that your accounts enable you to analyse the past, understand exactly the present, and plan for the future; and proper accounting will enable you to do that. It is more than history; it is not enough to know what has been done; your records should help you to plan what should be done.

Take such a thing as running short of ready cash, one of the worst of a trader's difficulties. You say, "That man is pretty badly up against it, his goods are not right," or, "He doesn't buy right," but as a matter of fact, while either of these *may* be the reason, in ninety-nine cases out of a hundred if a man is running short of ready cash the reason is inadequate accounting.

The statistics of the bankruptcy courts of both the old world and the new show that a preponderating majority of failures are always accompanied by the fact that the trader either kept no books or inadequate books. More businesses go wrong by poor accounting than by poor salesmanship or bad buying.

Now, this double entry *balancing* system rests purely on two axioms. Those of you who have studied geometry will recognise them, viz.: "If equals are added to equals the wholes are equal"; "if equals are taken from equals, the remainders are equal." That is the whole sum and substance of double entry bookkeeping so far as balancing is concerned.

Example—

A		B		C		D	
Dr.	$60	Dr.	$30	Dr.	$50	Cr.	$60
Cr.	$30	Cr.	$50				

Suppose a transaction happens in which you find A is to be a debtor to D to the extent of $60, you debit A and credit D. Make another transaction in which C is debtor to B for $50, debit C and credit B. Make B debtor to A for $30. Without going any further, if you take those balances out you see A has a balance of $30 debit, B a balance of $20 credit, C $50 debit and D $60 credit, and if you add those credit balances and debit balances you will get equal totals. That is the principle of double entry bookkeeping.

Double entry bookkeeping is theoretically dealt with by what we call journal entries. A journal entry is the record made of a transaction in such a form as to show the dual nature of the transaction, and is set up in such a manner as to enable the proper bookkeeping entries to be made by posting to a ledger; and the journal entry is always accompanied by an explanation.

We will suppose that you sell $60 worth of goods to John Jones. The dual transaction is that John Jones' account is increased $60, your goods have decreased $60, so the entry is, John Jones is debited $60 and Merchandise is credited.

Example—

John Jones	Dr. $60	
Merchandise Sales		Cr. $60

Usually there would be an explanation placed underneath such as "Goods sold this day." Now, I give you that entry to try and get down to the fundamentals of journal entries. That is the original theoretical system of bookkeeping by which every transaction was entered into a journal in that form.

If John Jones paid you for those goods, the next entry would be:

Cash..... Dr. 900

John Jones..... Cr. 900

Now, you see the first entry will be posted to the ledger to the debit of John Jones and would be posted to merchandise sales account in the ledger to its credit. The next entry would be posted to the debit of cash 900 and to the credit of John Jones 900, thus clearing Jones' account and showing he had paid. That is the theoretical principle as I have already explained, but you will [illegible] realise if you are going to make every transaction the subject of an entry such as that, you are going to have very little else to do for the rest of your life but keep books. Consequently, in modern bookkeeping, methods have been devised by which we can cut short a lot of these entries and by which we can enable the accountant or tradesman of any kind to so abbreviate these journal entries that he can get without this unnecessary labor of giving effect to every transaction on the journal.

I am going to illustrate that by a method of keeping the sales [illegible] The possibility is that some of you actually keep your sales account in exactly the manner I am going to describe. First of all, you are all acquainted with this. (Produces counter sales bill form.) This is the usual form of counter check. It has a backing of carbon so that when you write this check out you tear off the original for your customer and put the carbon copy on the file. This should be numbered, placed on a binder, and eventually posted to the monthly billing sheet. (Form produced.) That is just an ordinary bill to send to your customer at the end of the month or the end of the season, or whenever you may send your bills. The point, however, is that this goes on to a ledger binder. You have your ordinary customers' ledger with sheets just that size, and this sheet goes into that binder next to your customer's ordinary ledger account. You sell your customer his goods and bill him on the counter check form. You keep the carbon copy and then "post," that is, re-write sufficient information from that on to this monthly billing sheet, which is kept in your ledger to record it there. This monthly billing sheet has a copy sheet below it, and in "posting" you insert a piece of carbon paper to make a duplicate. At the end of the month you thus have got a bill ready made out for the goods sold to your customer. You add these monthly bills, and enter their totals on a "sales recapitulation" form. (See example below.) This is where you save all those journal entries I have already been telling you about. Instead of making a separate journal entry to be posted to your ledger of every sale, you post this item on the billing sheet and you take this recapitulation sheet and put your slip number here, the amount of the sale there, the total amount, and go on filling in your various sales slips during the month. (Pointing to example board.) If a man should by any chance return any goods to you and you give him credit for them, you give him a credit slip such as this (showing specimen), and also post into the credit column of monthly billing slip. This is entered on the recapitulation in the credit column shown there. At the end of the month you add this recapitulation, then take a new recapitulation from the totals shown on monthly billing slip, add that recapitulation up; if the two agree you know perfectly well that the monthly statements

to your customers and your sales slips are in exact agreement, and the danger of your customer having an incorrect bill is almost eliminated. Then you take these billing sheets, and having thus proved the amounts you post it from this sheet to the debit of the customers' account on the ledger, on the sheet which is right next to the billing sheet, this having been placed next to the customer's account in the ledger. That is your debit posting, and every customer's account is so posted. The corresponding entry to that, to make the double entry, is the total of the recapitulation to your "Sales" account in the ledger.

Example—

SALES RECAPITULATION

Slip No.	Amount of Sale	Slip No.	Amount of Sale	Credit Note	No.	Amount

Regarding cash. I showed you a journal entry recording cash received. The more modern method is that instead of posting from the journal to cash account and from journal to the customer, we now use a cash account, not in the ledger, but in a separate book called "Cash Book," and simply enter in that to the debit of cash account, posting direct to the credit of the customer. This cash book, however, has to a certain extent been discarded by many business men. Of course it appears in various forms, but most retailers now use what they call a "Synoptic Journal," a specimen of which you see on the board. (See opposite page).

This journal is really adapted from the old-fashioned original journal I have already spoken of by which every entry could be journalized, placed on the journal and dealt with that way, but it saves the space. John Jones has paid his account of $50 on the 1st of January, we will say. Now, the entry is that cash is debited and John Jones is credited. This cash column has the $50 placed to debit and the ledger account column has $50 placed to the credit. Now that item is posted to the credit of John Jones' account. We will suppose that the next transaction is that you have paid the X Y Z Manufacturing Co. $40 for an account of $42 that you owe them. In this case you credit cash; you paid this $40, and therefore you enter a credit in the cash column. The debit to X Y Z is $42, and we place a credit in the interest and discount column of $2, thus clearing the transaction. We get equivalent debits and credits. You can run every transaction, of whatever kind, through that synoptic journal, because if you have not columns here for it, you can make further columns to carry the transaction you want or you would simply use the ledger account column and enter it there.

The point about this synoptic journal is this. At the end of the month you draw a line at the foot of your entries and cast the columns, and if you have entered the items correctly and your additions are right, the total debits in these columns will equal the total credits.

Now, you take these and post them to your ledger. Take the cash account in your ledger, post the total of the debit column of your cash account and the total of your credits; the balance should be cash on hand. The same with all other accounts. And as you have posted items the total credits of which equal the total debits, you have thus kept the double entry principle and kept your books in balance.

SYNOPTIC JOURNAL

Date	Account	Particulars	Fol.	Ledger Accounts		Cash		Discounts		Purchases		Sales		Expenses		Sundries	
				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Jany. 1	Jones, J.	Settlement			50	50											
	X.Y.Z. Co.	do.		42			40		2								

As a rule a man should keep three ledgers. He should keep his Customers' ledger, his General ledger, and his Creditors' ledger. His General ledger is the ledger in which he records al' his transactions other than customers and creditors; that is to say, transactions connected with his capital, his profits, his sales, his purchases, and any properties he holds. The Customers' ledger, of course, keeps his accounts with his customers, and it is just an ordinary ledger form which you have all seen, I have no doubt—just a space for date, particulars, folio, debits, credits, and balances. A loose-leaf ledger is undoubtedly the best for both customers' ledger and creditors' ledger.

According to the plan I have outlined, you have this billing sheet fastened in your ledger with another sheet behind and a piece of carbon in between, and as you write this sheet up from the original counter check you are taking a copy of it all the way through. At the end of the month or at the end of the period, the original billing sheet is torn off at the perforation and goes to your customer, and consequently your customer has an exact copy of the account that is posted to your ledger. The whole thing checks itself right through. It is so complete a check that the possibility of mistakes is reduced to so small a minimum that they can easily cease to exist if you are careful about it.

I am going to suppose that a man has started a small retail business with $5000 capital to begin with, and that he has kept his books by double entry the whole year through. I just want to give you an idea as to how he would make up a statement from his set of double entry books. At the end of the year he takes off a "Trial Balance," this being a statement taken from your books in two columns, debit and credit, showing on one side all your debits, that is to say, either debtors or expenses, and on the other side all your credits, that is, either creditors or profits.

You will realise that all debit entries are not necessarily assets. If you pay out money for expenses, it becomes a credit to your cash and requires a corresponding debit to "Expense" account; and expense is not an asset. On the other hand, suppose you do a piece of work for a man and he pays you, that is a debit to cash and a credit to some revenue account; so that the debit balances of your ledger are either assets or expenses, the credit balances are either liabilities or profits. Now, on the blackboard we get a specimen of a simple trial balance which is supposed to be taken from this set of books.

Example—

TRIAL BALANCE

	Dr.	Cr.
Capital		$ 5000
Stock	$4000	
Sales		12000
Purchases, including freight	8500	
Expenses	600	
Salaries	1200	
Debtors	2000	
Creditors		1500
Store fittings	1500	
Cash	700	
	$18500	$18500

He started with a capital of $5000. The trial balance shows he had stock $4000; that is to say, part of the $5000 was $4000 goods on hand. During the year he sold $12,000; his purchases, including freight and duty or anything else he had to pay in connection with the buying of these goods, amounted to $8,500. He spent $800 in expenses, paid out $1200 in salaries; the debts owing to him on his books amount to $2000; he owes his creditors $1500; he has got $1500 of store fittings, and he has got $700 money in the bank.

Now, that is all shown by his books, and he finds the two sides agree; that, of course, as is sometimes said, "proves the books are right." It does not necessarily do so, however, because if he had posted a debit to a customer which should have gone to another's account, it would not have made his balance any different; but the main point about a trial balance is not so much that the trial balance proves his books are right, as that if the books do not balance they are wrong. You now see another advantage of proper double entry bookkeeping, in that when you prepare your annual statement, you can not only tell whether you have made money or not, but can also tell how you have made it. He first makes up this Profit and Loss statement:

Example—

PROFIT AND LOSS ACCOUNT

Dr.		Cr.	
Stock at beginning of period	$ 4,000	By Sales	$12,000
Purchases	8,500		
	$12,500		
Less Stock at end of period	4,500		
Cost of Sales	$ 8,000		
Gross Profit	4,000		
	$12,000		$12,000
Salaries	$ 1,200	Gross Profit	$ 4,000
Expenses	800		
	$ 1,800		
Net Profit	2,200		
	$ 4,000		$ 4,000

First of all we show our sales have been $12,000, so we place that to the credit of the Profit and Loss account. That is a credit balance. We started off with a stock of $4000, so we charge that up to the debit of Profit and Loss account. Our purchases were $8500; we charge that to the debit of Profit and Loss account and then we add the two items up showing there has been $12,500 that was actually bought or was on hand. The reason we add this up is because we want to find what it cost us for the goods we sold. You will take an inventory of your stock in trade, and you find that you have $4500 worth of goods on hand, so,

having charged up to your Profit and Loss account the $4000 for the stock at the beginning and the purchases made since, you now deduct the stock you have at the end of the period and find that the goods you have sold have actually cost you $8000; that is, you make a gross profit of $4000, being the difference between the original cost of your goods, plus freight and duty, and the amount at which you sold. We write in that gross profit and make the footings, which agree; then bring it down to the credit side of the account; that, as a matter of fact, is a double entry, a debit against a credit. We have dealt with the sales, the stock-in-trade and the purchases, but now we find we have spent $600 in expenses, $1200 in salaries; these we charge up against Profit and Loss, and find that our total expenses have been $1800; that $1800 deducted from the $4000 that we have at credit leaves $2200, our net profit for the year.

I have no doubt all you gentlemen think that is a very simple statement. Of course, in an hour it is hardly possible to deal with the points that might arise in keeping a set of books for even the smallest concern, but the same principles apply all the way through. You may want to divide that expense account up and determine your separate expenses for, say, heating, rent, and other expense. All that is necessary is to open more ledger accounts, have more columns in the synoptic journal of which you have seen a specimen, and so keep account of them separately. If you do this you will be able to set off one year against another and see how these expenses compare, and thus be enabled to see whether you have been unduly extravagant in any particular item or items, guiding yourself as to future economies if possible.

Another thing you are enabled to do with this Profit and Loss account. Your sales amounted to $12,000, and your gross profit is $4000, exactly 33⅓ per cent. As you go on from year to year, you will find always a fluctuation in that gross profit; in fact, it would be almost an impossible thing for any retail merchant in the country at any rate, whatever he may be able to do in the city, almost an impossible thing for any retail merchant in the country to establish a standard rate of gross profit, because he deals in so many different commodities. A man may be running a store in a large city where he would have scope for dealing in one commodity or practically one commodity, and get a standard rate of discount on everything, and thus keeping a more or less standard gross profit rate, but the country merchant that has to deal not only with electrical goods but almost every kind of goods possible to conceive will find it impossible to keep a standard rate of profit. At the same time it is surprising to find out when you come to work out gross profits in businesses where they have a multiplicity of goods to deal with, that year after year they keep pretty near the same figure. I suppose the reason for that is they sell things in pretty much the same ratio year after year. You are dealing in different commodities, and although you expect your profit rate to change, it is a good thing to know it, because if there is anything of a wide difference in your gross profit I would be inclined to think it would be worth your while to look into your accounts for the year and see what is wrong. As a rule such a result would indicate discrepancies, unless, of course, you manage to get some special orders for some particular article which has either a very large or a very small profit, which would change it for that reason.

Now to get back to our trial balance. We have dealt with the stock at the beginning, we have dealt with sales and purchases and expenses and salaries on the Profit and Loss account; we will now make up our Balance Sheet.

Example—

BALANCE SHEET

Assets		*Liabilities*		
Cash	$ 700	Creditors		$1500
Debtors	2000	Capital	$5000	
Stock	4500	Net Profit	2200	
	$7200			$7200
Fittings	1500			
	$8700			$8700

The first item we get on the Balance Sheet is cash. The reason we put cash is that it is a rule amongat most people to place your assets on your balance sheet in the order in which they are most quickly realized. The assets that you can realise quickest come first, and so on in proper order. So we take our cash and enter that first as an asset. Then we have $2000 owing us which we put down as the next item. Then we have that item which does not appear on this trial balance, that is, our inventory item of stock on hand which has been brought into account on the Profit and Loss account. That makes a total of $7200 worth of what we call current assets. The reason we set that out in that manner, separating these current assets from the rest of the assets, is this: When you are dealing with your banker you will find as a rule that he wants to know what your current assets are as against your current liabilities. He wants to be able to see, supposing it was necessary to take steps for a forced sale, how much is fairly liquid, and consequently we put these three together as current assets. Fitting are called fixed assets, for the reason that they are required for the purpose of running your business and not for the purpose of selling again. They are not called "fixed" assets because they are physically fixed—a wheelbarrow may be a fixed asset from an accounting standpoint—but "fixed assets' 'simply means assets to be used in your buisness and not to be sold again, therefore distinct from current assets. We thus find the assets amount to $8700, of which the "current" is $7200 and fixed $1500. Next from the trial balance we have $1500 amount due to creditors. This we place on the "liabilities" side of the balance sheet, which with capital $5000 and net profit $2200, completes the statement. You thus prove that you made $2200 profit by the fact that you are worth $2200 more than you were last year; and your Profit and Loss account proves that to you—not only proves it but shows you how you have made it and enables you year after year to see exactly how you are progressing and where the weak points are if there are any.

I am just going to make one recommendation to you before I close, and that is this. I have done my best to show you that double entry bookkeeping is not so formidable as many people think, but as I have said, it is utterly impossible for me to go sufficiently far to give you all the details and to really teach you book-keeping. Now, the Canadian Credit Men's Association have published a text-book of a simple system of accounting which has been especially prepared for retailers. It was done at the request of the Credit Men's Association by the Institute of Chartered Accountants of Saskatchewan. I have a copy of this in front of me, and the forms I have been showing you are forms taken from this

book. I would recommend anyone who has not up to the present tried to keep his books by proper double entry plan to obtain a copy. If I have been at all successful in what I have been trying to tell you, and you realise that double entry bookkeeping is really not so very difficult, there is no reason why you should not apply it to your own business. There is no difficulty in retail store bookkeeping than any man who uses his intelligence should be able to master, and the explanations in the little booklet I speak of should be easily understood by anyone, at any rate by any man who has enough brains to run a store properly.

TURNOVER—FIGURING PROFITS PERPETUAL INVENTORY

BY FLETCHER SPARLING, General Manager Hudson's Bay Co., Winnipeg

These subjects—all three of them—loom big in retail merchandising, and while time does not permit us to go much into detail here, I will endeavor to make any detail touched on as clear as possible. that you may be able to take away with you something which will repay you for coming.

During the past twenty-five years, big and progressive things have taken place in the field of retailing, and one of the biggest things it has been my privilege to see is this group of merchants from Winnipeg and out-of-town points, assembled here in the University of Manitoba, as students, open-minded, with pencil and pad, seeking through the channels of education the answer to the problems that constantly confront you in your business.

Education undoubtedly contains the answer to many great questions we are called upon to solve today, not only in our business, but in our community and national affairs, and the amount of original thinking a business man has had to do the past year equals perhaps the ten years preceding it, for it is the duty of "every patriotic business man and every good citizen" to think for himself, deeply and constructively, not only of his business, but of his country's affairs, for the success of his business hinges on the prosperity of the community in which he lives, and he must know and understand these things.

Coming now to "turn-over" let us endeavor, as clearly as we can, to understand the principles of "turnover."

It is not my intention to tell you what education is, but rather of some of the benefits we get from it. Education trains our minds to bring home the correct answer, to conclude correctly, to form sound judgment and decisions; it assists us from forming conclusions based on prejudice, enables us to grasp the principle or the basic factor of a subject.

The word "turnover" may be a comparatively new word, that is, a new expression. "Retailing" in fact, as we understand it to-day, is not a very old expression, and on looking up the word "turnover" to see what our old friend "Webster" has to say about it, we find that he explains it, among other things, as "the act of turning over."

Going further into this, we are obliged to look up the words "turn" and "over." "Turn," meaning to move round in a circular motion, revolving, perpetual, either partially or entirely. For instance, "conditions of peace turn on events of war." In retailing we would say, conditions of stock turn on events of sales. On taking up the word "over" we find that Webster says "over" indicates "above in position, implying movement."

Now, let us not allow this thought "movement" to escape. "Over" therefore means "above, in movement," such as "an automobile goes over the hill." Webster does not mention anything about an automobile going over

a hill—there were no automobiles in his time—but I want to apply the thought because of the power which causes the automobile to go over the hill, and because to-day in business wheels are driven, not pulled, as they were in Webster's time. Combining these two words "turn" and "over" into "turnover," therefore, implies "going over something"—in the case of the "automobile going over the hill" there was resistance—the resistance of gravity. There is also resistance to "turnover" and we must, therefore, keep in mind the importance of the movement of "turnover" continually or perpetually, turning over, or rolling over. This is the principle we would understand from Mr. Webster.

Applying the principle in the retail business, I would like to call attention to some of the resistances to "turnover." For instance, there is resistance piling up in front of the retail merchant to-day, chargeable to lack of education, or knowledge of the game.

Earlier in these lectures the point was brought up that in the advanced principles of retailing we were talking over the heads of the smaller merchant. Those of you who attended that lecture will recall that before we got through it developed the small merchant was in principle no different from the large merchant, it being largely a question of distribution of responsibility and authority, the large merchant distributing his authority and responsibility over many people in an organization, which in turn must act as a unit, yet the principle of buying and selling of merchandise is much the same with the merchant who has many or few employees.

Suppose we endeavor to bring this thought out a little clearer and say that the small merchant (the man who does a large portion of his own work—perhaps all his work) has contained in him the same functions and responsibility as his big brother, the large merchant having grown from a small merchant by reason of a broader understanding of the basic principles of the game. He, too, was small at one time, but has grown large because he has followed the principles carefully, just as the educated or trained mind follows a principle.

Take a great merchant, for example, like Marshall Field. What is the difference between a man who accomplished what he did and the smaller merchant who has also tried his best? One of the great differences, no doubt, lies in the ability of the big merchant to readily grasp the principles of the game, and to be able to follow them through to a conclusion.

"Turnover" would, therefore, seem to be a matter of turning over stock against resistance, which brings us in touch with sales as the power that turns the stock over. You cannot turn stock without sales, neither would we have any profit, and hence no need for figuring profits without sales. We would also have no need for perpetual inventory without sales, consequently, to proceed along the line in search of the basic factor of merchandising, we will make a memorandum that "the basic factor of merchandising is sales," remembering there is no "turnover" possible without them. As further evidence that the sale is the basic factor, percentages of expense, wages, rent, etc., based thereon, and analyzing sales in turn bring us to study factors in a sale, which we find are three, and each of them must be present and take part before any sale is made.

The first factor in a sale is the customer—do not forget that the customer is always first. Some of you will recall, in recent years, seeing a sign around

offices and shops which read something like this—"If you want to know who is boss here, just start something."

Now, if any of you do not believe that the customer comes first—is the boss—in things pertaining to the welfare of your business, just start something with your customers and see how quickly they will cut off their patronage and your profits.

Yes, the customer is a factor—the first factor—of a sale. The second factor is the sales force; don't allow that word "force" to escape us. It is force that drives the automobile over the hill.

It has been explained by mercantile minds entitled to respect that good customers are rarer and more difficult to secure than good sales people, and that enthusiastic efficient salespeople are more difficult to obtain than good merchandise, yet this is no reflection on the merchandise.

It is just as necessary—as it always has been—that the merchandise shall be right, correct in every detail, contribute a satisfactory service to the purchaser, the kind of merchandise that enables the salesperson to look customers in the eye and with a clear conscience tell them it is good, and enables sales people to tell customers other things about the merchandise truthfully, which they—the customers—are anxious to know.

Now, let us not forget the three factors in a sale—

Customer.....First
Salesperson.....Second
Merchandise.....Third

I shall not attempt to go far afield in this interesting study of the customer, salesperson, and merchandise, or the different things that influence the customer or the sales force, as the time at our disposal does not permit, but I would like to discuss with you somewhat about the factors that influence "turnover." For instance, there is variety. What influence has "variety" on "turnover." Let us illustrate. I went into a shoe stock not long ago to check it up, and on going over the merchandise, if I remember correctly, there were some sixty-three lines of shoes at $3.00 per pair, whereas the average successful shoe merchant will hesitate to stock more than six to ten lines of shoes at one price, from which it is plain that this merchant was not only competing against himself in carrying a great many lines of shoes, possibly fifty lines of shoes unnecessary to required variety and as such piling up a huge resistance to "turnover."

A distinct lack of familiarity of the public demand must exist in the mind of the merchant who buys fifty lines of merchandise not required, yet sufficient variety must exist in every stock, "variety" being a factor in "turnover."

The real merchant has found that the purpose of his business is service to the public, and that unnecessary lines of merchandise only tie up his capital, reduces his turnover, without assisting him in any way to serve his customers.

Therefore, if we have even one line of merchandise unnecessary in our stocks, get rid of it, better still, do not buy it in the first place. We must study carefully and accurately as possible the public's requirements and do our buying on that basis. Then again, if a merchant has ten lines of merchandise that covers pretty accurately his public's demands, is it not vastly better to concentrate on those lines than to distribute our energies over lines unneces-

sary, for the smaller number of lines the more we can buy of each, hence get better te.ms on the goods, and from every standpoint serve better the interest of our public and of our business.

Variety, we must have, of course, in order to accomplish "turnover." Sales will not come unless variety is right, and while we have devoted a good deal of attention to the lines unnecessary, we must not forget the danger of "over-buying" necessary lines, for it is so easy to "over-buy." When goods begin to move rapidly, how natural it is to become unduly optimistic and on the spur of the moment decide that we should have more of the particular goods that happen to be moving rapidly, big variety, big quantities, yet big variety and quantity may pull down our "turnover" unless stock is moving rapidly. In other words, the more goods we have over our demand, the lower the "turnover." Excessive buying defeats its own purpose.

Another factor in "turnover" is "desirability." For instance, we find ourselves with merchandise, bought in good faith, yet it does not sell. Why? It is not desirable, you say, hence it does not serve to meet the public demand. The goods may be new and fresh, we even cut the price in order to sell them, yet somehow they do not go. On the other hand, merchandise that is selling freely seems very desirable to the purchaser. What is the answer? Well, the answer is one of the things we are going to write down in our notebooks, namely, that "desirability is the only known measure of value."

We may have splendid stores, excellent sales people, yet the public will not buy our goods unless those goods are desirable. At the same time, we must bear in mind that the public learns much of this desirability from the sales force, that is, the sales person with force of character, who knows the goods, knows the game, plays it according to ethical rules, and by the same principle that propels the "Automobile over the Hill" forces, through the channels of sales, the merchandise to "turnover."

Price, too, is a factor in "turnover," but not the basic factor. Goods must first be desirable before price has great interest to the purchaser. The point I am coming to can be illustrated by the following incident.

I know intimately a business man who is of the domestic type. One of his great pleasures at the close of the day's business, and after the evening meal at home, is to put on his smoking jacket and slippers and taking up the evening paper, sits down with his favorite cigar. You would recognize him as the picture of contentment. Now, it so happened that our friend smoked one particular brand of cigar, it was good stock, and the flavor very satisfying to him. When one box of cigars became empty, it was the custom of his good wife to order another box, consequently she, too, became familiar with this particular cigar, also the cost.

One day, when this good lady was down town shopping in a certain store, she saw a box of cigars about the same size and appearance, and apparently much the same kind of cigar her husband smoked, but with a price ticket of $1.20. She knew well her husband's favorite cigar cost $4.00 per box, for she frequently bought them, and being economically inclined, that $1.20 sign appealed strongly to her. "Do you sell many of these cigars?" she asked the salesman. "Oh, yes," said he, "we sell a lot of them." Accordingly a box was purchased, the purchaser remarking to herself, "I am going to sur-

prise Robert." She did. Poor Robert, he told me in confidence long afterwards of how he was still keeping a label off one of those cigars to be sure that he would not get any more of that brand.

Now, my point is, that those cigars were not desirable. Robert did not know then, and perhaps does not know yet, the price at which these were sold, he was not smoking price, he was smoking the cigar. The price of that undesirable cigar did not interest him whatever, it was the cigar itself in which he was interested. Of course, had his favorite cigar been priced at $1.20, then he would have been interested, but as just mentioned, it was the cigar itself which must first of all be satisfactory.

There is, in the principle of "turnover" some other features which are important, and which we will discuss before we depart from this subject. For instance, there is more or less misunderstanding surrounding the measurement of "turnover." Most of us, of course, are familiar with the old and somewhat obsolete method by which we inventoried our stock at cost, and divided it into the season or the year's sales, and the result we called "turnover" for the period.

For instance, if we had a stock of $10,000, at cost, and our sales for a given period were $50,000, by the principle just mentioned we would divide the sales by stock at cost at inventory and say we had turned our stock five times in said period.

Then came the discovery that the goods were not sold at cost, but at retail or selling price, and I would like you to make a note on this point, namely, that no goods take part in a sale, otherwise than at the selling price. This is another one of the reasons why the sale is the basic factor.

Merchandise cannot take part in a sale transaction until equipped with the selling price. This selling price may, of course, be less than the cost of the goods, or it may be more, sufficiently more to show a profit, but in any case the sale price is that at which the goods are sold, and if we are to find the "turn over" we must take the inventory and sales on the same basis, that is, both inventory and sales must be taken either at cost or at selling. If our stock is taken at cost, sales must also be taken that way, although the average merchant or accountant will probably agree that costing the sales volume for the season to reconcile it with the inventory at cost is not so easy a matter as to inventory stocks at selling in order to have them on a selling basis the same as the sales.

If you desire to take your stock at cost, why not take it also at selling? This will always give you the profit rate on the stock and will enable you to divide your sales (which are always at selling) by your stock and thus give you a true measurement of "turnover."

As an illustration. We would start off a year, or a given period, with a stock at $15,000 at selling, sales for same period being $50,000. If we are to sell $50,000 and land our stocks at $15,000, it is self-evident that at least $50,000 worth of merchandise must be purchased during the trading period in question.

Supposing all of that $50,000 of merchandise is purchased in the first half of the trading period, or the first month of it, two things at least would happen. First, the purchases would have to be paid for before much of the merchandise could be sold, which in turn would require a visit to the banker,

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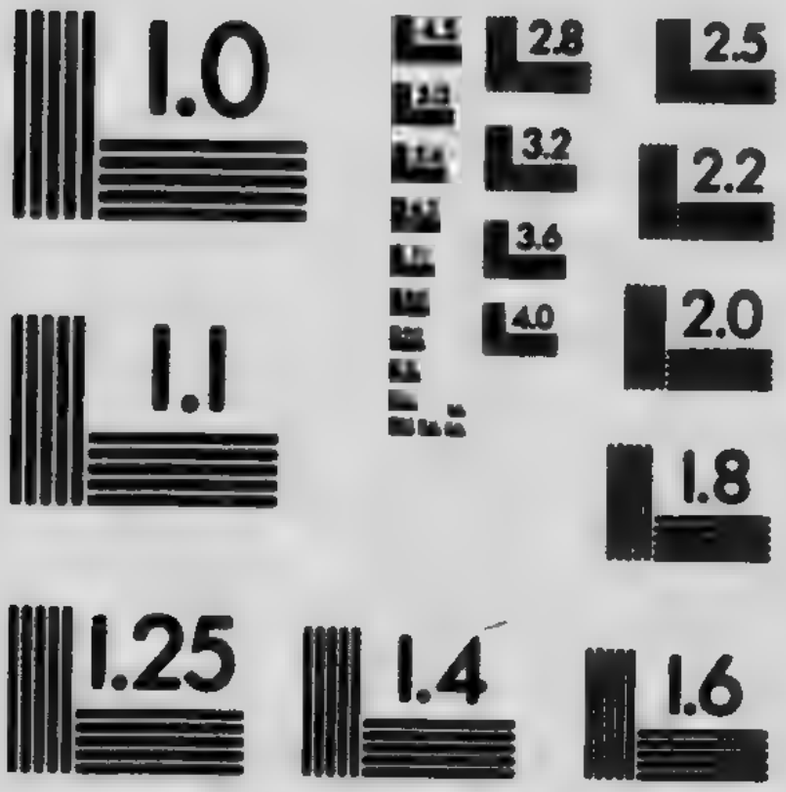

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involving interest, etc. Second, we would have tied up all our purchasing power, leaving nothing for what is known as "filling in," or sorting purchases which constantly develop throughout the trading season, hence, "variety" suffers. "Variety" in turn always affecting the sales and "turnover," so the valuable thought we get here is that we must keep our purchases distributed as evenly as we can over the season. "Buy as we sell" is a splendid slogan for any merchandiser to keep before him and it must be remembered that a merchant is never legitimately a speculator.

It is realized that war times like the present are somewhat unsympathetic with this principle, and that we are obliged to depart from normal. However, we are talking of the principle and not of the exceptions to the rule.

Let us go a little further in the direction of measurement of "turnover." It will be found that if a limit is established beyond which, we, as merchandisers, would not go in making a season's purchases and still accomplish our sales; in other words, if, when laying out our season's purchasing plans we make our "stock limits" and live up to them, we would be working in sympathy with the principles of "turnover."

Of a man who gets considerable credit for pioneering in the department store world, and who established a great department store in Paris, it is said that early in his career and along about the time he became enthused with the department store idea, he was having dinner one evening with his friend a banker, to whom he was telling much of his department store ideas. Said the banker, "It is a lot of work you are laying out for your elf. Why not go into the banking business and get rid of this trouble, you will get your 7 per cent per annum without so much worry." To which our friend the merchant replied, "Oh, yes, you bankers get your 7 per cent per annum on your capital, but my idea is to turn my capital four times a year at 7 per cent." That, said the banker, "is splendid, if you do." Even in the banker's reply, that "if you do" indicated his misgivings as to his friend's ability to accomplish that "turnover," and I am passing this along to you as worthy of your serious consideration.

When we speak about turning our stock, we think a good deal, of course, about turning our capital; the two are closely related; we must not neglect capital. A merchant who has his entire season's purchases come in the first part of a season will find that the relationship of capital to stock is a most important matter. Capital to your stock is similar to what sales are to your "turnover." They are twin thoughts. They work side by side. They will bear closer acquaintance. Cultivate them. In conclusion, our stocks throughout the trading season must average well, that is, must not at any time exceed a certain point if our average "turnover" for the whole season is to be accomplished.

PROFIT

Someone earlier in this course asked the question "What is profit?" There are people who believe that profit is the foundation on which a business is built, but it may clear up the atmosphere somewhat, in this connection, to read what Mr. Selfridge, a noted London merchant, has to say on this point.

If any store is continually to grow and develop, and not like a tree to stop after reaching a certain size, but to keep on growing finer and more splendid, the head of such a store must make of business a great game which he

loves for the game's sake and never tires playing. The cold profits in pounds sterling, in dollars, or francs, must represent simply the counters in the game—desirable in themselves, but not the only prize."

It is easy to become selfish and reduce our usefulness as merchants if we fail to see further than profit. Let me illustrate.

A man came into my office the other day stating that he wished to talk to me about an important matter. "Alright," I said "what is it?" I am looking for a position, and I understand you have an important position vacant at present." "That is true," I replied. He said, "How much money is there in it?" I said that depends. "Depends on what," he enquired. "Depends on how much man there is in it," I told him. He seemed puzzled over my reply. Continuing I said, "I am not sure you are big enough for our position for the reason that you are inclined to be a selfish man. The first question that came to your mind was what were you going to get out of it, rather than what amount of ability you were able to put into it. For our ultimate object is to serve the public and according to the way we serve shall we be rewarded. Salary being based on service rendered, in the game of business, 'only those who serve can survive'."

"Profit," says Mr. Webster, "is acquisition beyond expenditure." That is a good thought, and while Mr. Webster does not mention profit in connection with merchandise, he does make this very interesting statement. "Profit is excess of value received over cost for keeping or selling." Let us not overlook the two distinct conditions "keeping and selling."

Have you ever known a merchant to make profit on merchandise without selling it? You will recall on a former occasion during one of these discourses, someone present made the statement on this subject, that he had made money on merchandise, explaining that some time previous he had purchased a quantity of staple merchandise—which he still owned—but which meantime had advanced 30 per cent.

"Now," said he, "have I not made some money on it?" To which he was asked, "Had he sold it?" "No," said he. "Where is the 30 per cent you have made then?" "In the goods, of course," he replied. "Where is the money you have made?" he was next asked. "Oh, I will get that money when I sell the goods," said he. Now, that is the point. You see, he must sell the goods before he makes that profit. Webster's statement, therefore, that "profit" is made by "keeping" does not apply to merchandise.

Looking around we find that there is a business man who makes money by "keeping," such as an investor in realty, or a man who buys stocks and bonds that pay him a dividend at regular periods, but with merchandise the opposite is largely true; about the time we get merchandise on our shelves, it begins to depreciate. How well this principle is recognized, for instance, by the automobile industry. The moment you drive your new car across the threshold of the show room to the street, it has begun to depreciate. Theoretically you could not drive it right back in again and sell if for the purchase price.

There is also a point when all classes of merchandise begins to depreciate—some classes more rapidly than others—depending on the character of the goods. For instance, staple merchandise, such as linens, depreciates slowly and there is merchandise such as millinery and ladies' wear which depreciates rapidly.

The buyer who purchases staple linens or navy blue serge knows full well that the latter is good value at $2.50 per yard, and that he can sell it at the regular profit, but put that same piece of serge into a fashionable tailored ladies' suit and that same man might be unable to tell so much about the value of the finished merchandise because this is another kind of value—style value—and men and women become very keen judges of style value just as the trained staple goods mind is on linens, blue serges, etc.

Buyers of style value merchandise need to study their subject closely, together with the public demands, otherwise they may be placing orders for goods of departing style rather than incoming style, and departing styles depreciate in value very rapidly even though the cloth in the garment be excellent.

Your customer asks you for some merchandise your competitor has, and you immediately make up your mind that you must get some of it, yet by the time you get it the style may have gone out.

Someone has called attention to the great similarity of the rising and setting sun. That they look very much alike, one might be mistaken for the other. It is much the same in judging incoming and outgoing styles in style-value goods.

There are also merchants who believe that a larger profit should be charged on fashion merchandise than on staple goods; with the former, the public is inclined to change its mind rapidly and that an extra profit should be charged customers for the privilege of changing their minds.

Let us take with us from this subject, the thought that while there is—as Webster has said—"Profit by keeping as well as by selling," the profit in merchandise is made by selling and that a merchant makes money on merchandise by turning it over into sales, and in a sale these three factors must be present. The customer, the sales force, and the goods at selling, and that desirable goods is the only known measure of this value.

There is a great deal of importance also attached to the arriving at this retail price. Every factor in connection with the retail price should be carefully considered.

Perhaps you will permit me to pass along a personal experience in order that this thought may be more clearly placed before you. A number of years ago, in the capacity of a small merchant handling ladies' wear, I found in connection with my business that it would be necessary—in order to save several hundred dollars worth of discounts—that I should go to the bank for a discount credit. My banker asked me for a statement of my business, and armed with it I returned to see him. He looked at the statement and at length informed me that his bank could not see its way clear to extend me the over-draft I asked for. This came as a keen disappointment, it being my first experience of the kind. "The trouble is," said the banker, "that you are not getting enough profit in your business. You told me one time that you bought the best $25.00 ladies' suit you could find and then sold it for $23.50, and this principle you felt was one of the reasons for your success. Now, said he, "I am not a merchant, but you think this principle over. It may be that marking $25.00 suits at $23.50 is costing you some legitimate and needed profit."

I did think the matter over, I can assure you, and in calculating I found that for a given period I sold over 100,000 garments, then I began to calculate

as to what my gross profit would be by pricing my goods on the same principle the banker suggested. For instance, could I sell my $23.50 suit for $25.00, could I sell my $9.50 skirts for $9.75, and could I sell my $4.75 blouses for $4.95, giving my customers, at the same time, as good value as my competitors. I decided I could. The calculation showed plainly that said 100,000 garments sold at an increase averaging conservatively 25c per garment would mean $25,000 additional gross profit.

With this information and decision, I again visited my banker, and after explaining these things to him, he not only gave me the over-draft asked for, but patted me on the shoulder, and you know what that means from your banker. I am passing this experience along to you and trust it may suggest something helpful It was a useful experience to me in connection with pricing goods and gross profit.

There are many interesting features in connection with profit, and on explaining what profit is we are sometimes told that it is the difference between what an article costs and what it has sold for, by which is meant, of course, gross profit.

When expense equals gross profit, there can be no profit, and when expense of doing business exceeds gross profit, there is a loss.

Expense is an important factor in connection with net profit, for as just mentioned gross profit must always exceed expenses if net profit is to be made. How are we to know whether gross profit does exceed expense, and know during the trading season while there is yet time to make amends, rather than at inventory when it is too late to avoid net loss. One of the simplest and safest plans is to take your sales always as a basis, for given periods of weeks or of months during the trading season, divide your expenses for those periods by your sales and thus get the percentage of expense on sales, then after subtracting the total cost landed price of your merchandise from the selling price of the merchandise sold, divide the result by your sales and get the percentage of gross profit on sales, deducting in turn, your percentage of expense, as arrived at above, which will give the percentage of net profit on sales. For example:

Take sales, $8,000.00 for one month.

Take expenses, $2,400.00 for same period.

Multiply expenses by 100 and divide by sales to get percentage of expenses on sales, equals 30 per cent.

Say total landed cost of the $8,000.00 goods sold is $4,848, then the difference, or mark-up equals $3,152.00.

Multiply said difference or mark-up by 100 and divide the result by the $8,000 sales, equals $39.39 gross profit percentage.

Deduct expense percentage, namely, 30 per cent from gross profit percentage of $39.39, and there remains a net profit on sales of 9.39 per cent.

But, you ask, "How are we to keep track of the profit rate on merchandise throughout the season when new goods are coming in, being sold, returned to suppliers, etc." Keep stocks at cost, as well as at selling that we may know, by deducting stocks at cost from selling price and dividing the selling price into the difference, the percentage of profit at which our stocks are priced.

To make this clearer, we will say at inventory stock at cost is $10,000, at selling $16,500, showing a mark-up on cost of 65 per cent and on selling of 39.39. That the stock at inventory stands at 39.39 per cent mark-up on selling price is evidenced by simply deducting the cost of the goods at inventory from the selling price of the same, multiply by 100 and then divide the result by the selling price to get the percentage of profit on selling. For example:

Stock at selling	$16,500
Stock at cost	10,000
Mark-up	$ 6,500

Multiply this mark-up by 100 and divide by the selling price of the stock, namely, $16,500, to get the percentage of mark-up on selling, which is 39.39 per cent.

To further illustrate: Suppose during the first month of the trading season your purchases at cost are $5,000.00, and you desire to mark these goods at the same average rate of profit as on your stocks at inventory, namely, 39.39 per cent on selling, or 65 per cent on cost.

Explanatory: The complement of the mark-up (or the difference between the percentage of profit on selling price and 100 per cent) always equals the cost percentage of the goods. Say selling price of goods is $100.00, and the mark-up 39.39 per cent, the cost of $100.00 merchandise must be $60.61, and the percentage of 39.39 mark-up on $60.61 (cost of goods) is 65 per cent. Therefore, $5,000.00 cost of goods in this instance, advanced by the mark-up percentage on cost, which is 65 per cent on cost or 39.39 per cent on selling equals $3,250.00. This in turn added to the cost of the goods makes the purchases for the said month $8,250.00 at selling.

In the meantime, your sales for the first month are, we will say, $8,000.00, your expenses for said period $2,400.00. To find the net profit take, as the basis, the sales of $8,000.00, composed of stock, you will remember, on each dollar of which is an advance or mark-up of 39.39 per cent (in case there are mark-downs, discounts, depreciations, etc., the loss in gross profit percentage caused thereby must be charged to the profit rate of the goods sold. For example, if the mark-downs including discounts and depreciations for the month amount to $400.00, at selling, the cost of same would be $242.43, obtained by multiplying the $400.00 by the complement of the mark-up percentage, equalling 60.61 per cent, which amount would be chargeable to the profit rate.)

It will be clear, therefore, that 39.39 per cent of $8,000.00 is $3,152.00, which amount is gross profit, from which subtract the expenses of $2,400, equalling 30 per cent on sales, and we have $752.00 net profit where there are no mark-downs. This in turn multiplied by 100 and divided by the sales, gives us 9.4 per cent net profit on sales. If we take the $400.00 rebates, above mentioned, into consideration, the net profit of $752.00 would be reduced by $242.43, to $509.57, or 6.4 per cent net profit on sales.

In short, gross profit of 39.39 per cent, minus expenses 30 per cent, equals net profit of 9.39 per cent on sales.

COMPLETE EXAMPLE OF THE FOREGOING

	Cost Landed	Selling
Stock at start of period	$10,000 selling for	$16,500
Add purchases during period, say 1 month	5,000 selling for	8,250
	$15,000	$24,750

The difference between the above cumulative figures is $9,750, and represents the total mark-up on the goods. Multiply this figure by 100 and divide by the total selling, namely, $24,750.00, and the result is 39.39 per cent, or the cumulative mark-up on goods.

Deduct sales for the above period (1 month) say from selling only	8,000
	$16,750
Deduct rebates, depreciations, staff discounts at selling, say	400
	$16,350

This $16,350 represents the stock at selling remaining at the end of the period. We know from the above that the stock bears a mark-up of 39.39 per cent, that is, every $100.00 costs 60.61 per cent.

Multiply the $16,350, stock at selling, by 60.61 per cent and divide by 100 per cent, and we get the stock at cost, which is $9,909.

Deduct this $9,909.00 from the cumulative cost figure $15,900 and the difference, $5,091.00, represents the cost of goods disposed of, including goods sold, also depreciations, discounts, etc.

Deduct said amount $5,091.00 from the $8,000.00 sales, and the difference $2,909.00 is gross profit.

Then, if the expenses are, say, $2,400.00 for the same period, the net profit is got by deducting the said expenses of $2,400 from the said gross profit $2,909.00, leaving $509.00, which is net profit.

Before leaving this interesting subject, let me again remind you that while it is recognized profit rate exists on stock, no actual profit is made on stocks of merchandise until the goods are actually sold, which again brings us to the sales as the basis of merchandising. Also, if we keep all percentages of the same denomination, that is, percentage of profit, of expense, based on sales, they will always accurately subtract and divide as above.

Sales being the important factor, let us look clearly at the principal features constituting their cost, that we can more easily visualize and grasp them. We find two main features, merchandise and expense. Merchandise being the larger. The biggest factor in expense being wages, including that of the sales force, advertising, rent, insurance, etc., following in turn, the point being that to produce the above mentioned $8,000.00 worth of sales, we had to buy $4,848.00 worth of goods (ascertained by taking 60.61 per cent of $8,000, the 60.61 per cent in this instance being the percentage of mark-up on cost

of goods. Add expenses of $2,400.00 to $4,848,00, the cost of merchandise, and we get $7,248.00, the amount it took to produce $8,000.00 worth of sales deducting the $7,248.00 (the total cost of producing them) from the sales shows $752.00, which, of course, is net profit, and while we are discussing the subject let us not forget that every business must do more than merely make—it must earn a profit, if it is to succeed.

To earn a profit in his business, a merchant must sell goods that are profitable, not only to himself but also to his customers, merchandise that contributes a real service and satisfaction to the purchaser as well as a profit to the store.

PERPETUAL INVENTORY

"Perpetual," says Webster, "is never ceasing, not temporary," so that by perpetual inventory one would understand frequent inventory, inventories every month or even weekly. Inventory, too, differentiates somewhat from merely the taking of stock, insomuch as inventory is understood to include complete list of fixtures, equipment, etc., incidental to a business, while stock-taking applies more to the listing or cataloguing of merchandise. Where merchandise is recorded at selling, the sales, (also mark-downs, employees' discounts, etc.) are, of course, always at selling and can be readily credited or debited, thus it is not difficult to have perpetual inventory, or as it is sometimes called "automatic stocktaking."

To know at any given time how the stocks of a store stand is valuable information and of vital importance to "turnover." Turnover and perpetual inventory, therefore, are sympathetic in principle, and a broad understanding of each is necessary if we are to successfully guide a mercantile business.

Now, in conclusion, let me say to you merchants, as strongly as I know how to say it, that the business man of to-day and to-morrow must have this idea of sincere unselfish service to the public big in his heart, to be a real business man he must first of all be a good citizen, respected in his community, a man whose word is accepted by his fellows at par.

The prosperity and success of your business and your future, hinges largely on your being just that type of man, for service to humanity is recognized as an essential in business to-day, and no business can long endure without it as someone has aptly said, "a great business man is entitled to honor and respect, just as a great professional man, for business has made our civilization possible." This is a commercial age, and the merchant, a man of business, is the centre of the movement. In the great field of commerce there is ample room for all our ambitions, all our ideals, and after all, like any other great game, the amount of satisfaction and delight in business comes in just about the degree that we know how to play the game skilfully.

A MAILING LIST—THE VALUE OF CIRCULAR LETTERS IN BUSINESS

BY CHAS. S. WIGGINS, of Wiggins Systems, Winnipeg

I understand you have had some very good talks this morning on different points along your work, and this afternoon I will endeavor to give you a few points along the line that is interesting to merchants and business men more and more every day.

But let us get a real starting point; let us get at the foundation. The point that I want to leave with you this afternoon is what really makes direct advertising successful, and what often makes it unsuccessful.

How many of you men are married? Some of you are not. Some years ago some of you men were writing letters to the girl—some of you men are probably doing it now—and your one idea was to sell yourself to her—yes, sell yourself. In doing that very thing you talked not of yourself—no, that would not win—but you talked of her, the home you were going to make for her, and how you would work for her. You were looking to her interests. You wrote letters with the idea of making a success.

But when you come to business letters, many men cannot get away from the one idea of the money in their pockets—that is all they can see—and fail to see how their goods and services are going to appear to their customers and prospective customers.

Mailing lists and the value of sales letters deal with this very same principle as you used in your love letters. Let's discover some fundamenta principle and apply it to our business. Then my efforts are not in vain.

The subject assigned to me deals with a definite form of advertising, known as direct advertising. Mailing lists and sales letters are the very foundation for direct advertising.

Let me say right here that direct advertising is not a cure for all sales promotion plans, but there are few big campaigns in which direct advertising does not play an important part.

Direct advertising is something we hear a lot about these days.

Direct advertising is vitally important in our business fabric as the mail order houses prove.

Direct advertising is something often little understood or entirely misunderstood.

My aim will be to give you a few broad and pertinent facts about the very foundation of direct advertising, namely, lists and letters, and how they are applied to your business.

So important is this kind of advertising that many of the big agencies in the States are putting in special departments with highly trained men, to handle all direct advertising.

Let us stand off far enough to get the proper perspective on lists and letters, and their connection with your business, with my business. Let us

study the fundamental points. Let us study the lists and letters in the nude—let us take off their clothes and see them in the nude.

The artist must know every muscle of the body to paint a beautiful picture. Let the body take any desired position, he must know how those muscles work, and the effect they have on the appearance and expression. He must know these fundamental truths, even though his finished pictures would be completely clothed in the old style, high-necked gowns.

Every man here has developed according to God's given plan, but our clothes and appearance do vary and differentiate one from the other.

It is exactly the same with lists and letters, with all direct advertising. The article to be sold may be different, as hardware, groceries, clothing, etc.—the letters worded differently, but the principle of construction of the letters is the same, whatever may be their immediate need. A woman has differentt dresses for different purposes, but it is the same woman—likewise the same principles are back of all sales letters.

A dentist in Chicago desired to get out of the dental business. In looking for an opportunity he came across a restaurant that was bound for the bankruptcy court. It was run by two young men who considered that they knew the restaurant business, but they were losing money. The dentist bought out the business, and employed one of the men to assist him for awhile. The first week he watched and looked and listened—he said not a word. The next week he applied this reason: "In dentistry we want to make a good tooth from a bad one—from mere roots we work backwards." The same principle applied to the restaurant business showed that what he most wanted was a profitable business and money in the bank, instead of a run-down business. This restaurant was all right as far as preparing the food was concerned, but what it most needed was new customers. He selected "getting new customers" as his job. He threw away the old restaurant adage "Watch the kitchen." If he had gone to market every morning he considered that he could have saved a little money, but he considered the bringing in of customers of more importance. He made a change in the front of the restaurant, made it more attractive, displayed the more profitable food, kept the staples in the background, made it inviting to customers. He first looked to see what the customers wanted, and then gave it to them. The same principle as your love letter. The run-down restaurant became a success, and resulted in a chain of successful restaurants, built on the same plan.

If you were invited by the Ladies Aid Society of your church or by some organization in the immediate vicinity of your business, to tell them about your business and goods, you would be a very pleased man. You would say to yourself, "Here is an opportunity to tell these people about the goods on my shelves, and how they would serve the people," believing in the end you would sell many more. You would consider that the people in your audience were the best prospective customers you could get. However, you don't receive these invitations. But you have even a better opportunity for reaching these same people—and you can select your own audience, and that is a very important matter.

By selecting your own audience by means of a mailing list, you talk to those only whom you believe will be really interested in your goods.

But how best to make up that list. There are many classifications and ways of making up that list for your individual requirement.

Let us work as the dentist did, who went into the restaurant business. What do you want most? To make money, of course, and to serve your customers. To do that, you must look in your community for the people most likely to be interested in your goods—to be your best customers. First, settle in your mind who are your best customers. Second, the means of securing these names, but always keep this important matter before you—that mailing lists are of no value except as a means to get orders.

Here are a few suggestions as to sources of lists: Wedding notices; first addressing to the bride-to-be, and after the wedding as Mrs. ——, and don't forget the groom. Births are another source of making up good lists. One furniture store in St. Joseph, Missouri, sends a teething ring to every baby when it is about three months old, and the result is that store has a monopoly on the baby carriage business.

For certain purposes the city and municipal voters' lists will give you names of the individuals you desire to reach. Then there is the city directory and telephone book; salesmen and delivery men's records; your own house records; especially if the names are put on your sales slips. Store contests of one kind or another. Addressing companies, as Mights' Directories, of Toronto, Henderson Directories, or Wiggins' Systems of Winnipeg.

You can classify your lists according to men, women, boys and girls, or any other classification that suits your particular business. Often you have something special to offer, but desire to reach only a certain part of your list. This would be important where you had a certain line of goods to offer to your wealthier customers. Here is a very important fact to keep in mind, namely—that the women do about 80 per cent of the purchasing for every home, and as a result 80 per cent of your appeals should be to the women.

And don't forget the children—they will bring their parents into the store when nothing else will. An impression made on a child's mind is very deep. Here is a story told by E. S. Moon, who spoke to the retail merchants at last year's convention. His story illustrates the importance of having the children on the mailing list, and the force of it applies to children in the city just as much as it does to children in the country. Mr. Moon says:

"I happen to be interested in a number of country stores, in particular one where I was born and bred, and where I live part of the time. In that store in Indiana I keep a record of all customers of every purchase. I know precisely how much John Smith bought of us July last year, July the year before, and the year before that, August and its year before. We know all our customers in that farming territory, in a small town of three hundred. I understand that that would hardly be practicable in a city of this size, but I used it there because of the intense competition, because of the importance of analyzing even each individual customer to know when business is falling off and the minute it falls off, to be able to get right after him and find out why, and so we keep an individual account of every customer, cash or credit, by months, and when they are footed up we look them over and go after those where business has dropped off, unless we happen to know personally the reason why. In this particular instance one of our good customers out on a farm, I noticed by the record, had not been into the store for two m onth

It was a busy season, of course, but I noticed the business had been dropping off, compared with the same two months the year before, and the year before. I made some enquiries about the store and we didn't seem to have the information, so I wrote him a letter—and I want to say to you that the personal sales' letter ought to be a part of the advertising campaign that every merchant conducts. Well, I wrote him a letter, not telling him anything about what was in my mind, of course, but I wrote to him about an item in which I knew he was interested, something new in that line, and I asked him to come in. He didn't come in. I waited a couple of weeks, then we had a demonstration in the store in an item that his wife ought to be interested in, and I wrote her a personal letter and asked her to come in for the demonstration, and she didn't come in. I knew by that time that there was something really wrong, that something had happened, but I didn't know what. It so happened that we were getting in a line of children's sweaters one evening, and they were being checked up and spread out, and I happened to be along and noticed them, and I happened to think about that line of sweaters, and to think about that little girl in that family, a little girl I knew well. I have the names of the children, and I have their ages. I keep those cards up-to-date. So I wrote the youngest in the family—they had three children. I wrote little Mary, a little girl six years old, and I sat down and dictated a letter to her, and I told her about the sweaters that we had just got in. It was along in the Fall, or about the time to go to school. I wrote about how nice they were, and of all the different colors they came in, and that we had just got them in from the factory down East, and I asked her if she would not come in and see those sweaters, and incidentally I told her that little Jennis Williams, who lived up the road, about three-quarters of a mile from her, had already been in and seen the sweaters, and had got one, and that I hoped she would come in before the nice ones were all gone, and I said, 'When you come in and see me, I want to show you these sweaters myself.' Well, Mary got—let me see, I think it was on Tuesday evening the letter was written; it went out on the rural delivery; it would be delivered next morning—Mary got the letter Wednesday. Wednesday passed—nobody came in; Thursday—nobody came in; Friday evening, everything was quiet, everybody had gone home; I was alone, and was about ready to close the store when in came little Mary's father and mother, and little John and Jane, and little Mary had hold of her father's hand. He walked clear back into the store—we have a building that is about 125 feet deep, and he walked clear back to the end of the store, back to where I was at the desk, and he walked and said, 'Here's Mary,' and I got up, shook hands with little Mary. Mary had that letter I wrote her in her little coat pocket, holding it like that, and I asked her if she had come in to see the sweaters, and she said, 'Yes,' in a nod, too bashful to talk, and I said, 'Mary, we are just unpacking some candy over here; let's walk around that way,' and we had got a lot opened up which had not been put away, and we walked around and Mary sampled some candy, and I walked across to the other side of the store with Mary, and got over there not quite to sweaters, and the father followed along, and he touched me on the shoulder—he was not altogether a dead one—he touched me on the shoulder and he said, 'Say, Ed., I want to tell you we have got a telephone in; hereafter any time you want us to come in, telephone us; we will come in, but for goodness sake don't write the kids any more letters.' Now, I found out after they got in

that there was something wrong. One of the clerks had made a mistake in the grocery department, and sold them a pound of tea and given them half a pound and they were sore about it, and my letters would not bring them in, but when I wrote little Mary she brought them in and we got things fixed up and everything adjusted satisfactorily. And that is not all the importance of that, not only to get them in when they won't come in, but it carries the merchandise suggestion to the father and mother. They get tired getting circulars. They get tired getting letters. They get tired reading advertisements, but if you just lop off the old folks once in a while and carry the message to the children, you need not worry about father and mother not getting it. They will get it, and it comes with double force, and so that is why I suggest that to you; no matter how much you advertise, I suggest the importance of the mailing list with the children in it."

Mailing lists are very changeable and need constant revision. There are about 15 to 20 per cent changes on the average in Western Canada. For the City of Winnipeg directory the change is as big as 65 per cent each year. If possible make your changes from day to day, and plan to make a complete revision once in six months, or once a year at least, taking out dead names and adding new ones. Remember what the Chicago dentist did in building up the restaurant business. He made it his point to bring in new customers and retain the old ones.

Now, suppose you have the desired lists, of what value are they to you? If you do not use them, your effort is all wasted. It would have been better if you had not made up the list. To make your list valuable to you, you must use them, and use them constantly.

And here is a point I want to impress upon you—when a manufacturer or wholesaler sends for your mailing list, send it to him. If you don't he can get the names if he wants them from some competitor, or from some of the addressing companies. You have no monopoly on the names. If that manufacturer or wholesaler is willing to send trade to your store, you should cooperate with him, because you must gain before he can gain, the goods must be in the hands of the consumer before he can gain. Another thing, the amount of advertising matter under your counter—(no, not under the counters of all the merchants)—and not used, represents a large sum of money. The manufacturer or wholesaler sends it out for use, but many merchants do not know how to use it. If properly used, many merchants would materially increase their sales.

In fact, it would pay these wholesalers or manufacturers to carry on a campaign of education along these lines. The saving of printing matter sent out would pay for the campaign.

Now, you have picked your audience by means of your list, the same as you picked your audience in the love letter; you are ready to tell a straightforward story about your goods, to tell just how they will serve your customers.

Yes, forget for a moment your personal interests in the transaction. Get out on the street, look at your goods as any ordinary customer. Then you will see what interests your customers, an interested customer buys, then, and not till then, have you attained the end aimed at. When the sale is made you make your profit and not one minute before. The facts interesting to your

customer is the story you want to put in your letters and circulars about your goods.

Now suppose you have your letter or circular written, and are about ready to mail, but just wait one minute. Read that letter over once more. Are you ready to back up every statement you have made with service, yes, real service. Is everyone in your store ready to back up with real service just what you said.. If so you are ready to mail.

Many big advertising campaigns have been a failure because when the advertising began to produce results, they were so much heavier than anticipated, the manufacturer was unable to fill the orders promptly, the manufacturer lost the orders, and the public would not ask again.

The public will not wait. When the public ask for the goods advertised in these campaigns the merchants could not fill the orders because they are unable, the manufacturer had not properly educated the merchant what to expect. The advertising was all right, but there was no service to back up the advertising. See that your service backs up every claim that you make in your letters and circulars.

So valuable is writing a copy of direct work that many of the big agencies in the States have opened special departments for pushing sales by mail.

This matter of copy is very important. First you must have a list of people you are reasonably sure need your goods, and second, you must have a real reason for writing, for sending a letter or circular. If you have no real reason, don't mail any—it will hurt you if you do. Don't send any circulars for the mere fact that you want to mail something. Have a real reason; have a real service to offer your customers.

Here is a story right from Saskatchewan that shows the success for letters in selling goods, and there was a real reason back of every letter.

This salesman travels out of Regina for a branch of a Winnipeg firm. His contract calls for an extra commission if he sold over $30,000.00 of a certain brand of goods in one year. At the expiration of nine months he had sold $45,000.00 worth of the goods. What his sales were at the end of the year I have not learned.

He said to the merchants he called on, "I will help you write some letters and you send them out to your customers. You can have them multigraphed in Regina. We want to tell your customers about these goods." The merchants did as he wanted. The merchants were willing to buy his goods if they could sell them. The letters told a straightforward story; they interested the customers.

They didn't say, "We have these goods on our shelves, and would be glad to have you come in and look at them; we are sure they will please you." No, these letters told some interesting and newsy things about the goods; how made and why so made, and how they would serve the customer. He did not say one word about the merchant's interest. The sales took care of that. The customers bought; the merchant made his profit on the sales. He needed more goods, and the salesman sold them, with a result that in nine months he had doubled his quota of sales. Everyone was pleased. What that salesman has done for the merchant he calls on, you as individual merchants can do for yourselves.

If you are in doubt what to write, go and see someone you know needs your goods, and endeavor to make a sale. Note what interests your customers, then come back to your store and put those interesting facts in your letter or circular.

There have been times when you have bought things you did not know you needed, until the proper arguments were put to you and you bought. That is the reason this Regina salesman has made such a success. Watch your verbal arguments and the way you use them when making sales, then use those arguments in your letters and circulars.

Your tailor says when he meets you on the street, "Mr. Brown, I have just received some fine suit lengths, better come in and look them over." You go in, and the chances are you have bought a suit, when you did not intend to do so.

That tailor made one call personally. Through your letters you can make a hundred or a thousand just as easily. And your sales increase.

So valuable is that quality of writing letters in plain English that is easily understood by everyone, that one big implement house pays a man $10,000 to do it.

My aim is to give you a few of the plain underlying principles that will enable you to get the same results. The great principle is to tell the interesting facts about your goods that will interest your customers, and have the goods that will serve his interests. If necessary make two or three personal calls to get the points that interest the customers. If you are unable to do so, there are service men with the bigger agencies, as A. McKim Ltd., J. J. Gibson Ltd., or Wiggins Systems, who can help you. Systems magazine has four volumes of a business correspondence course that will help you.

And for multigraphing your letter or mailing work, there is the Canadian Multiple Letter Company, Somerset Multigraphing Company, or Wiggins Systems.

One more point—always be courteous in your letters. Courtesy is a valuable business asset.

Tom Whitten, in a small town in Missouri, runs a general store. Just before Easter one of his customers called and had his little daughter with him. Tom noticed Bessie looking at a couple of Easter eggs in a basket. He did not say a word, but gradually moved over to the showcase where they were and gave them to Bessie. Bessie was pleased. Years passed, and Bessie was planning her wedding. The husband-to-be intended to buy some furniture, and when he told Bessie she said—and as it was her first request he could not refuse—"I want you to buy those things off Tom Whitten." And he did. Some days later Bessie was in Tom's store, and he said, "Bessie, I want you to come to the office." When there he said, "Why did you tell your husband to buy from me.." "Why, don't you remember?" said Bessie. "Remember what?" asked Tom. Then she told him about receiving the Easter basket, worth about 10 cents. Tom had forgotten about it. And you see the final result of the deep impression on the child's mind.

Be courteous in all letters and circulars, and always remember the influence children have over their parents. Use the right kind of letters to those children, and you have another valuable business asset. Mr. Moon found the same thing. Such courtesies as these give a royal reception to any mail

matter from Tom Whitten's store in that home. Be courteous, then your mail will be received with open arms. It will materially increase the value of your letters.

The question of the amount of postage to put on letters is an important one, and each individual case must be decided on its own merits. If you desire to make your direct mail take the form of the individual letter, it is important that you put it in sealed envelopes and put 2 cents for mailing to people who receive their mail from the same post office as the letters are mailed, or 3 cents when going to another post office; in other words 2 cents for the City of Winnipeg and 3 cents when going to the country.

The price of the article has something to do with the amount of postage used, because the higher the price the more selective your mailing list must be, and a sealed letter always gets better attention. Folders and printed matter in envelopes will usually receive reasonable care and inspection under a 1 cent stamp.

When using 1 cent matter enclosed in envelopes, it is preferable to use a 1 cent saver envelope, which is open at one end. This envelope is sealed as the ordinary envelope, but it carried better in the mail, and it is necessary to open it as an ordinary sealed envelope, and consequently carries more weight as advertising matter.

The matter of inserts is very important, and where possible use pictures; they will convey a much better impression often than pages of descriptive matter. If possible let arrows point to particular parts or points, with a description of this point on the margin. If your printed insert covers a field thoroughly, then use your letter to carry interest of the recipient to the insert. This is done by referring to the pages or certain pages of the booklet, or a certain part of the description of the folder.

It is often permissible to insert folder or printed insert in a letter dealing with an entirely different matter; providing, that the insert will not destroy the attention or sales interest of the major theme in the letter. This is a point upon which it is necessary for you to use your own judgment, and must be decided from each individual case.

With the properly selected mailing list you have a very valuable asset to your business equipment, you can select your own audience and appeal to those whom you honestly believe will be interested in your purpose. Through the mail you can make a 100 calls or a 1000 calls in the morning, and still remain in your store. Write your letters so that they appeal to the interest of the people on your list. Watch what appeals to your customer in your store each day, then make an appeal in your letters on the points that you find interests your customers.

Another point to always keep before you. All the people on your list will not read your first letter, and all will not read your second. But here is a little story that shows the value of constant and persistent effort.

One of the wholesale houses in this city makes it a point to send out bulletins to their customers. These bulletins had been running for some time, and one morning they received a letter in the mail which said, "Ship us $450 worth of goods," and the list was given. The order being a large one to come through the mail, and the name not familiar, the sales manager sent it into the credit man, then within an hour or so the sales manager was called in

and asked if he knew anything about this firm. He replied "No." "Do you know their rating.." he was asked, and replied "No." The general manager said, "Well, their rating is about $35,000 to $50,000, and why is it that our traveller has not called upon them. Investigation showed that the traveller had never called on this firm, considering that all their trade was going to other wholesale houses. But here is a significant sentence from that merchant's letter. He said, "Your first three bulletins I paid no attention to, but the fact that you kept sending them convinced me that you were in earnest. My orders will run to about $12,000 a year if all is satisfactory."

Four letters did the work. You can make letters in your business do the same if you follow the fundamental principles I have given.

Now, gentlemen, if I have given you a few facts of the underlying principles of the value of mailing lists and sales letters, I have in a way attained my aim, and if I can answer any questions, I will be glad to do so.

CO-OPERATION OF MANUFACTURER AND WHOLESALER WITH DEALER

BY W. A. McKAY, The Codville Company Limited

I have been requested to address you on co-operation between the dealer, wholesaler and manufacturer, and I am going to take the word "Co-operation" in its fullest sense. Webster defines "Co-operation" as follows:—

"To act or operate jointly, with one another; to concur in action, effort or effect."

At the outset I am going to sub-divide my subject under three heads as follows:

General Co-operation
Advertising Co-operation
Selling Co-operation.

By general co-operation, I am going to take it for granted that the manufacturer or wholesaler will view the problems affecting the retailer from the retailer's viewpoint as well as his own. When a retailer opens an account with a wholesaler ar manufacturer, he first selects the wholesaler or manufacturer to whom he wishes to give his business and I assume that in most instances he selects a house that has a reputation for fair dealing and business integrity and a house whose goods bear an established reputation for quality.

The wholesaler or manufacturer who is to grant credit to the retailer, virtually, therefore, assumes the position of banker, for he is about to lend to the retailer money or its equivalent—merchandise. The wholesaler or manufacturer co-operates with the retailer by asking him to furnish a financial statement of his business, his annual turn-over, the amount of his inventory, his assets, liabilities and outstanding debts, and the amount of fire insurance which he carries. This information coupled with the retailer's business ability and reputation, forms the basis of the retailer's credit with the wholesaler or manufacturer, and unless this information is given fully and explicitly, close co-operation is imposible. The retailer in turn should expect to receive advice on the condition of the markets, prompt shipment of his orders, preference both in service and shipment over transient customers, all discounts which the promptness of his payments entitle him to, and courteous and attentive treatment at all times.

Travelling salesman, being the official representative of the wholesaler or manufacturer, should ever be on the alert to guard the interests of the retailer who places his business through him and the retailer's interests should be only secondary to the house the salesman represents.

The wholesaler or manufacturer should, and I believe in most instances does, consult the retailer's interests in establishing his methods of conducting his business. His systems of selling, accounting, shipping, extending credit and collecting are all designed with a view to giving the retailer a maximum of

service, and creating in the retailer's mind a confidence in the house's ability and sincerity to serve him in the best manner possible, for after all most business is the result of confidence.

There are two items upon which the advice of the wholesaler or manufacturer should be of inestimable value to the retailer; i.e., on financial matters and on fire insurance. Few retailers realize how important it is that their merchandise should be safely and fully covered by fire insurance. The fire losses each year total a very large figure and the manufacturers and wholesalers, being in close touch in the larger centres with insurance matters, are in a position to give valuable advice as to the form of policy, strength of the company, and amount of insurance that should be carried by the retail merchant. As the wholesaler and manufacturer are daily in touch with the larger financial institutions, they should be in a position to give the retailer extremely useful and valuable information on matters financial.

The retailer should be particularly prompt in answering correspondence and meeting financial obligations. I do not believe that any action will so quickly destroy confidence and injure a retailer's credit as to allow his paper at maturity to be returned without writing or making suitable arrangements to retire or renew his obligations promptly. Promptness should be the retailer's watchword in all matters pertaining to finances and correspondence.

I have placed "advertising co-operation" before "selling co-operation" for the reason that I believe advertising should always precede selling. There are so many ways in which advertising co-operation is possible that I will only touch upon a limited number. Several large manufacturing concerns purchase calendars in large quantities and furnish these to the retail dealer at cost, having the retailer's advertisement printed on the calendar as well as the manufacturer's, thus co-operating in increasing the sale of the product. There are many other ways, however, in which the wholesaler and manufacturer can co-operate with the retailer from an advertising point of view. A retailer, catering to a settlement of foreigners, would appreciate the wholesaler's or manufacturer's services in having translations of his sales literature. The manufacturer can also, at times, place before the retailer ideas in regard to store arrangement, display of merchandise, window dressing and illumination, store fixtures and window display materials. When a manufacturer is conducting an advertising campaign in any section of the country, it is advisable that the names of the retailers handling his products appear in his advertisements wherever possible. An advertisement such as "Buy Blank's tea from John Jones, Smithville," would have a greater selling power in Smithville than an ad. which merely read "Drink Blank's Tea."

By adopting the spirit of co-operation and studying the retailer's problems as they affect his own products, there is opened an extensive field of endeavor to the manufacturer or wholesaler who desires to give co-operative advertising assistance to the retail merchant.

"Selling Co-operation," one of the vital points of contact between the retailer and the wholesaler or manufacturer, should merit the attention of both parties concerned. It is useless and suicidal for the wholesaler or manufacturer to load the retailer's shelves with merchandise, without assisting him to the fullest extent in selling this merchandise to the consumer. Too great stress cannot be laid on the value of the retail clerk as a selling factor and any method

adopted by the wholesaler or manufacturer in placing before the clerk the salient selling features of his product, and increasing his technical knowledge of the merchandise handled, will pay large returns in increased sales. I read last week of a splendid example of "selling co-operation." A manufacturer had endeavored on several occasions to sell his line of overalls to a prosperous retailer, but always met with the response that he did not want to add a new line to his stock. Finally, the manufacturer called on the retailer, arrayed in a suit of his own make of overalls, and guaranteed that he could send a lot of new customers into the retailer's store every week. This naturally interested the retailer who asked to be shown. The manufacturer then asked the retailer to accompany him to a large railroad shop, where he mounted a flat car and gave a practical demonstration of the many advantages of his overalls, all of which was interesting to his audience, and wound up by saying that the retailer was going to carry them in stock hereafter and was present to take their orders on the spot. By this neans he created a market for his product before selling it to the retailer and as guaranteed, brought new customers to his store.

Manufacturers can do much to assist the retailer by planning local selling campaigns, furnishing form letters, analyzing the local markets and their requirements and should always bear in mind that in assisting the local retailer they are furthering their own best interests. Complete co-operation, however, is not possible unless both retailer and wholesaler are prepared to sink petty differences, look at the proposition in a broad way and view without suspicion each other's motives, realizing that in helping one another they are forwarding their own individual interests. More of the community of interest must be carried into their business relationship one with another and an exchange of ideas will reveal to each some features that can be adapted to the requirements of his own business interests.

VALUE OF PRACTICAL KNOWLEDGE OF SHOW CARD WRITING

BY FREDERIC THOMAS BAXTER, of The Baxter Sign Company, Winnipeg

There is no surer indication of a lack of progressiveness in a retail store today than the absence of show cards and price tickets, in connection with window and interior displays. Outside of a comparatively few very exclusive stores in the largest metropolitan centres, there is no store that can afford to ignore this direct method of selling goods.

No advertisement can be more effective than a well executed show card, placed as the centre of a window display, for, while bill posting, painted bulletins, street car and newspaper advertising are all effective, the merchants' shop window forms the final link in a chain between the indecision and decision of the prospective purchaser who is on the sidewalk, right at the merchant's door, and they are influenced most strongly by what they see and read in the window.

PROPERLY WORDED SHOW CARDS CREATE DESIRE FOR GOODS

In some instances the show card, if properly worded, creates a desire for goods they have never had before, and in others it reminds them of an actual need, which otherwise might have escaped their memory.

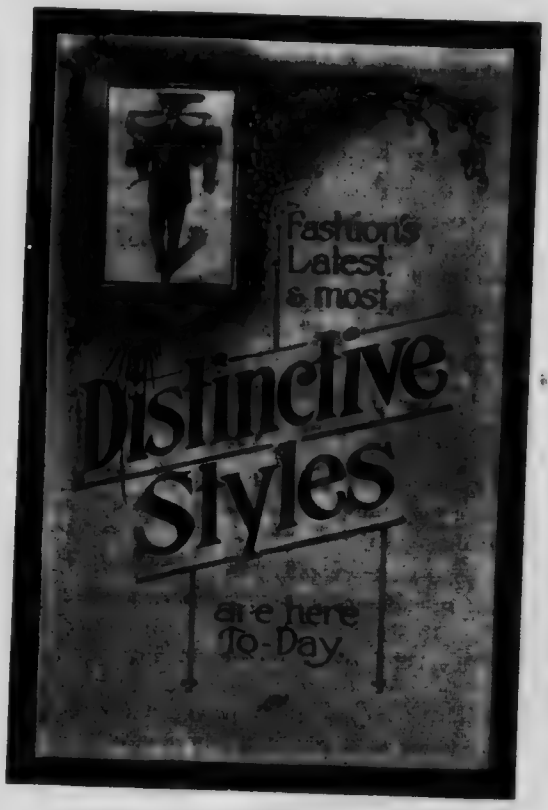
The individual who originated the somewhat vulgar, though expressive phrase, "Show me," touched upon a trait in human nature that is universal. Hence the "Show Card;" that's its mission, to show me, by a few well-chosen words (which embrace one or more of the chief selling points of the merchandise), why I should buy.

Today the show card is recognised as one of the most powerful agents for the production of business, and the great national advertisers are clamoring for space in store windows in which to display their branded products, in connection with beautiful hand-lettered show cards, which speak to the consumer right on the threshold of the source of supply, and suggest to the man or woman on the sidewalk, "Here are the goods which you have read about a thousand times." "Here is the price." "Buy now." These princes of advertising are great students of human nature; they know the value of window cards in connection with display.

A show window without a show card is like an illustrated catalogue without any descriptive matter or price, or like a book without a title.

To the writer there is something pathetic about a display that has nowhere in evidence the all-important show card. I have personally known supposedly clever window trimmers who consider that a show card actually spoiled their displays, that in a really high class window trim it was out of harmony. These fellows are not really "on to their jobs." They are not students of psychology, which every good trimmer should be; they run too strongly to

"art stuff." The card with them is an afterthought, not a carefully pre arranged centrepiece for a setting scheme. A show card should form part of, not be an addition to, a display. The men that trim these "too-exclusive for-a show-card" displays have forgotten their mission in life, which is to sell goods for their employers, through the medium of the show window. They create pretty pictures, which, to a greater or less extent, are devoid of selling appeal to the buying public.



"Art for art's sake" doesn't help a merchant with huge fronts of plate glass, for the cost of which every month he can charge up half his rent or more. "Art for business" is the axiom of window display, and knowledge of this is imperative on the part of the window trimmer.

INCREASE SELLING VALUE OF MERCHANDISE

It is the writer's opinion that there is no merchandise display it is possible to conceive the selling value of which would not be improved 25 per cent to 75 per cent by a properly worded, harmoniously colored show card.

The display itself offers a general appeal. The show card is more direct, for it points out the selling features of the merchandise, just like a good salesman, and creates the desire; the price ticket is the last argument between the merchant and the man on the sidewalk.

One thing that the traveller has discovered is that all the world over the human being is, in the main essentials, pretty much the same. They are all susceptible to the same desires and the same appeals, etc., to a greater or lesser extent. The shopper in Paris is a little different from the shopper in New York, London, Petrograd, or Goldenville, Sask. This being so, the person who enters or passes a general store in a small town is, in no great particular, any different from an individual that enters or passes one of the great departmental stores of a large city such as Winnipeg. All the factors which enter into the task of inducing the individual man or woman to buy are just as much present in the one case as the other.

Much has been said and written about the proven results of silent salesmanship in the shape of display as practised by the modern merchant, both in the windows and in the store—most country merchants have visited large cities on buying trips and must have noticed the extensive use of price tickets and descriptive cards attached to goods on display throughout the stores.

Some of the larger stores keep a regular staff of artists who do nothing else but produce these display cards, which are changed regularly every day and in some cases twice a day.

In this respect the average country merchant lags behind his city brother merchant. It does not seem to occur to him that if he were to use the same methods in a modest way that he, too, would attract attention and sell goods in the same way.

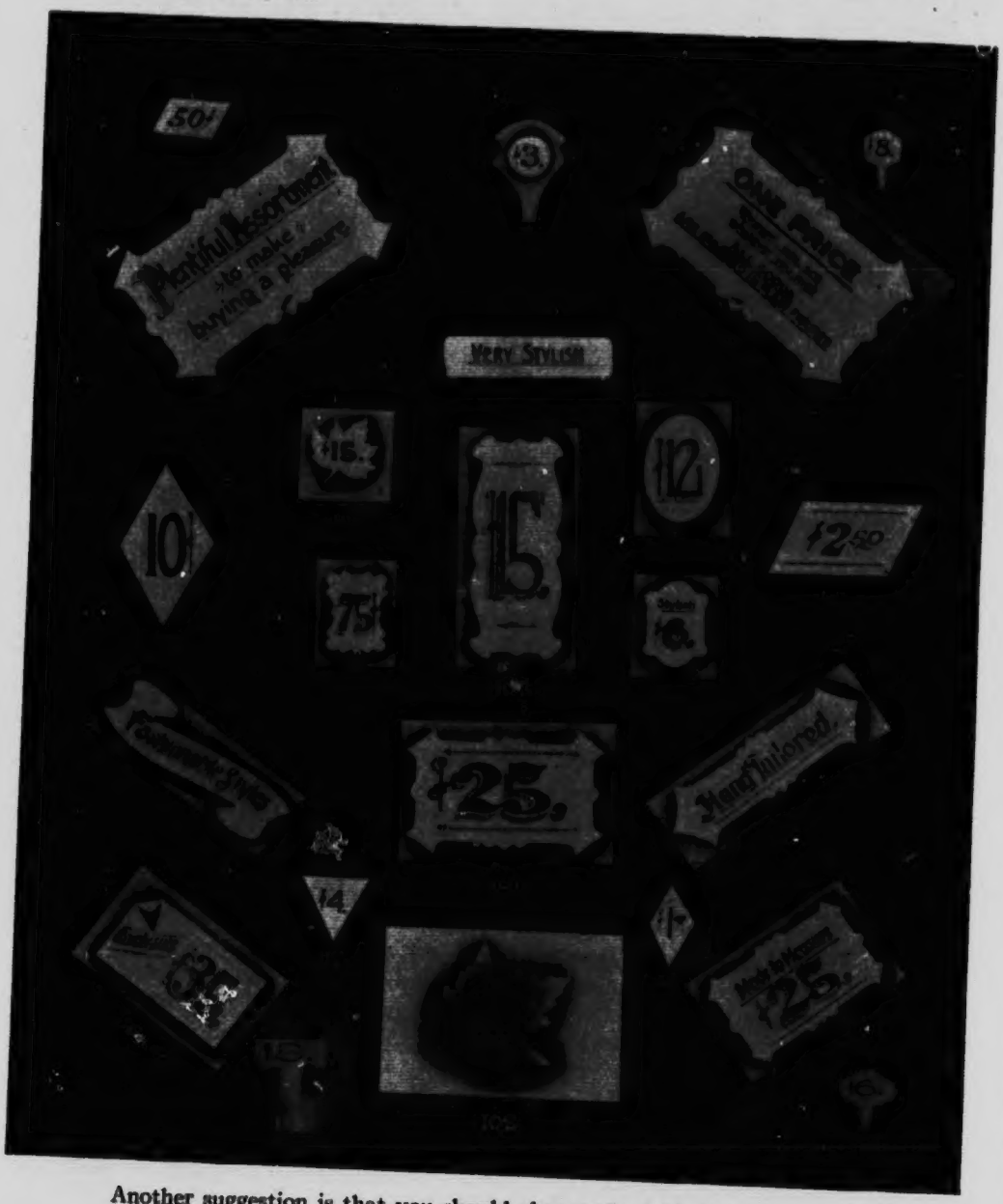
Present merchandising methods demand that the selling price should be plainly marked on every article and that the price be adhered to unless, for reasons best known to the merchant himself, he decides to cut the price. It is then advisable that the saving to the customer be shown by leaving the original mark on the goods beside the cut price. This being so, the humble showcard and price ticket is given a place in the mercantile world second to none as a direct sales medium. The selling price and regular price on the article offered for sale is brought directly before the individual. How much further could any medium go? A verbal demonstration does not go. It has been abundantly proven in all the great retail merchandising centres that the average customer will not ask the price. There is a doubt and they pass on to where the price is plainly in evidence and the matter beyond dispute; and Mrs. Brown of the city is essentially the same as Mrs. Brown of the small town, and Mrs. Green of Goldenville, Sask., is pretty much the same human equation as Mrs. Green of Winnipeg.

So why the different treatment, Mr. Country Merchant? You are where the money is. Why are your front windows and your walls fly-specked and smeared and your goods carelessly arranged? Why is the same merchandise left in your display windows for weeks on end, and not a price ticket in sight; your store utterly devoid of a single display table to attract the eye and not a price ticket or a showcard in evidence?

KEEP YOUR MONEY AT HOME

Now, why not do business in a metropolitan way? Keep your money in your home town! Make up your mind that every time you receive a shipment of new goods you will take one of your windows, show cases or tables and make a neat display of these goods, on which you will place a show card which

shows that the goods are "just received and that they are the newest and latest and the price is right," and then plainly ticket the price on every article and adhere to that price.



Another suggestion is that you should change the tables around every day or so, showing something different taken from your stock, so that your customers will never enter your store without seeing something on these tab'es that is seasonable, together with a descriptive showcard or priced ticket plainly

in evidence to attract the eye and silently appeal for immediate purchase. Your stock will thus pass in constant review before your customers and stimulate more business.

Another thing—see that you give the store a bright and business-like appearance by the use of catchy showcards, on which should be printed pithy mottos relating to your business methods, with silent selling talks, bringing into prominence goods which are hard to display; and if you have a second floor on which you do business, this would be advertised by means of these hanging motto cards, and customers induced to climb the stairs. It is hard for a customer to go through a store filled with these bright mottos and come away without the impression that the store is run by an up-to date merchant, who is prepared to give modern store service.

Make sure that any price tickets or showcards you use are properly executed—cheap looking cards give a poor impression. One would hardly credit the veracity of any concern that would label a $20.00 suit with the top of a shoe box lettered with a blue pencil or marking brush, or use any other equally unbusiness-like salesmanship. Cheap-looking, poorly-executed cards convey just the idea they represent—they make a fifty-dollar article look like four-ninety-eight.

There is an opportunity in every purchase, in every advertisement, in every sale—an opportunity to increase your business by showing goods that people want at prices that are right. Every customer is an opportunity for you to be polite, to be honest, to make a friend for your store.

(Mr. Baxter showed a variety of cards suitable to various businesses and explained their use to the audience.)

EVERY MERCHANT SHOULD HAVE A SHOW CARD SERVICE

The plea of the merchant in the smaller cities and towns (when he is criticized for not using show cards and price tickets) that he cannot obtain them, is no longer in order. Today a show card service is available to every merchant in this Western country; the advantages of the large stores that keep show card writers constantly employed are at the call of every live retailer in the land.

Some stores are fortunate enough to have a combination display man and show card writer, who is trying to make himself proficient with the brush and pen, as well as in the art of merchandise display.

I say to this young man, stick to it and succeed, and you'll never need to look for a job.

To those combination men I would, if I may, give a few rules by which they will be wise to be guided, especially those in the smaller towns and cities:

Secure by all means a roomy place to work in, not a cubby hole in the basement.

Get a good, strong, firm, well-built desk to work on; a man can't do good work on the top of a packing case.

Then surround yourself with a lot of good show cards by A1 professional men, "top notchers," that you know are at the head of their profession, and copy these cards again and again. Then get a few more and do the same thing. Keep yourself surrounded with the best work in your chosen line, and you will develop good style, and not a sloppy way of lettering, which would

be inevitable if you were not surrounded with examples of perfect show card work.

You will also develop the faculty of layout, which is quite as important, if not more so, than lettering. As an employer of show card writers I would far sooner hire the man that could make a perfect layout, but was deficient in lettering ability, than the man who was a good letterer, but could not layout a good show card, because the most perfect lettering could never redeem a poorly laid-out show card.

I am not a great believer in steadily practicing alphabets. As a teacher I prefer to teach the beginner to write a show card complete, right from the

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start. I do this for the same reason that in public schools they teach my children in the first grade to spell whole words at once by sound

When I went to school they taught the alphabet A, B, C, D, E, F and so on, until I learned to reel it off forward and backward, and then they proceeded to go back all over it again and explain why this letter had a different sound in one word than it did in another, which resulted in much confusion and loss of progress. Today, under the new method, my boy at ten years old can outspell me.

And so, I say to young fellows trying to train themselves to write show cards, that although "practice still makes perfect," be sure that you are practicing the right style, and that your efforts are leading you towards perfection, and that you are not developing a freak style of your own, through

lack of comparison with really first class finished work. See that you get those samples to guide you. It is cheap education, whatever they may cost you.

To develop as a show card writer you must get in the atmosphere of good work. "Hitch your wagon to a star." I do not mean that you should try and do the very ornate and pretty things before you have learned to do the more, simple ones. As a judge of good show cards I do not always place the ones with the most decoration on them in the first prize list; often the plainest is the prize winner.

THE TEST OF A GOOD SHOW CARD

The test of a show card lies in many things, such as massing and grouping the various elements of the inscription in the right order, so that they please the eye, and will convey their message in the most suggestive way; the suitability of the size, color and decoration, if any, in relation to the merchandise that the show card is to be displayed with. Summed up, it means that whether a show card is pretty or not, it is judged on its selling or advertising value in relation to the goods on display.

In laying out a show card, symmetry is an absolute requisite; it must "balance."

An effective show card will not be overcrowded. It is better if a man on the sidewalk can read it as he moves along.

When in doubt about the color, use black on white.

It pays better to tell people a show card what they want to know, not what you think is "clever," an has no relation to any selling feature in the goods.

Lots of men who are at a loss to pick out a single selling feature as copy for a show card will talk like a "blue streak" if a customer comes in to look at the goods, and will incidentally dig up a dozen strong selling points in as many minutes, the moral in this being—that when in doubt what to say about your goods on a show card—listen to one of the salesmen when he is "in action."

Show cards and displays should be changed frequently; if you can't change the goods, change the show card. The life of any display is practically one observation.

Use price tickets. Eventually you will have to tell the price, so why not now?